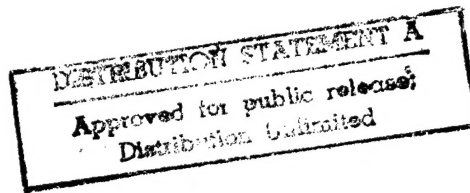


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China Report

ECONOMIC AFFAIRS

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20 February 1986

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NATIONAL POLICY AND ISSUES

OFFICIAL DISCUSSES GOAL OF COMMON PROSPERITY

OW261406 Beijing XINHUA in English 1258 GMT 26 Jan 86

[Text] Beijing, January 26 (XINHUA)--The policy of allowing some portions of the population to become better off first is entirely correct and will facilitate the attainment of the goal of prosperity for the whole population.

These remarks were made by Du Runsheng, director of the Rural Policy Research Center of the State Council, at a national rural work conference held in late December 1985. His speech was released today.

He said that the new policy was first practiced in the countryside and achieved marked results. The peasants' annual net income per capita grew by 221 yuan in the past six years, from 134 yuan in 1978, while during the 25 years from 1954 to 1978, their income rose by only 70 yuan. The number of households with a per capita income less than 200 yuan a year dropped from 85 percent in 1978 to 14 percent in 1984 while those above the mark of 500 yuan a year rose from 0.6 percent in 1978 to 18 percent in 1984.

He concluded that the development had been steady and healthy. He said the Chinese Communist Party, which works for the goal of common prosperity will, for a long period of time to come, adhere to the policy of allowing some portions of the population and some areas to prosper faster than others.

Du also showed that the income gap among the peasants had been widened by 0.7 times in six years, from 1.9 times in 1978 to 2.6 times in 1984. But he stated that such differences in income were inevitable as they arose in the process of economic development. People differ in skills, management ability, and adaptability to market changes. The public ownership of the means of production is predominant in China, but a variety of economic ownerships co-exist. This explains the difference in the quantity and quality of production tools peasants possess, he said.

There are also differences in the extent of development among different parts of China.

He noted that it was necessary to recognize the differences while adopting appropriate regulatory measures to keep them within a reasonable bound. "Only thus is it possible to encourage the development of a commodity production," he added. "Negation of such differences is tantamount to negation of economic development itself."

He criticized the past equalitarian practice. He said that the socialist public ownership in China provides full conditions for reconciling the contradiction between economic efficiency and social equity. It can guarantee that the social and economic development advance toward common prosperity and prevent polarization characteristic of the commodity economy under private ownership.

He stressed that common prosperity does not mean that everybody gets prosperous at the same time and possesses the same amount of wealth.

He stated that economic development was the material basis for achieving common prosperity. It was necessary to regulate income differences, but what was more important was to protect the development of the productive forces.

He said it would not be advisable to intervene too much in income differences resulting from differences in working skills and ability if they are not very big. With regard to the high incomes resulting from the possession of funds and resources, the state will regulate them through income tax and resource tax and try to stop loopholes in the market. In addition, the state will punish those who profiteer and violate the law.

In conclusion, Du Runsheng said the goal of achieving common prosperity will be realized in the countryside through developing the productive forces and the cooperative economy. "This is going to be a very long process of economic development, but it is an inevitable historical road."

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CSO: 4020/204

PROVINCIAL AFFAIRS

NINGXIA FULFILLS 1985 ECONOMIC TARGETS

HK290937 Yinchuan NINGXIA RIBAO in Chinese 12 Jan 86 p 1

[Report by Tong Xin 4827 0207]: "Ningxia Regional Statistical Bureau Announces Situation On Fulfilling the 1985 Economic Targets"]

[Text] On 11 January, the Regional Statistical Bureau held a press conference in Yinchuan to announce the situation on fulfilling the main economic targets of our region in 1985. Among the more than 200 participants were responsible cadres from various regional departments and bureaus and relevant units in Yinchuan as well as news reporters.

The Regional Statistical Bureau spokesman said: In 1985, under the leadership of the regional CPC committee and people's government, the people of all nationalities in our region firmly and resolutely implemented the party's policies and principles, thus bringing about a gratifying situation in our regional economic development.

The spokesman said: In 1985, the rural economy advanced in the course of readjustment. According to sample investigation, the gross grain output was 2.86 billion jin, which was higher than the planned annual target and the third highest in the regional history. However, compared with last year, it dropped by 220 million jin, or 72 percent. The main reasons for this decrease were the readjustment of the rural production structure and natural calamities. For instance, due to the readjustment of the production structure, the grain production area was reduced by 523,000 mu, or a drop of 2.6 percent. At the same time, the production of industrial crops was greatly developed. The area sown to industrial crops increased by 2.1 percent over the previous year. Of this, the gross output of oil crops reached 95.22 million jin, an increase of 6.9 percent over the previous year, and that of beetroots reached 770 million jin, an increase of 44 percent. The afforested area was 900,000 mu. There was also a gratifying development in animal husbandry. By the end of the year, livestock numbers throughout the region increased by 4.3 percent; that of live pigs increased by 14.9 percent; and that of sheep, which reached 2.9 million head, increased by 7.6 percent. Owing to the development of animal husbandry, the output of animal products also increased, of which the output of pork, beef, and mutton increased by 8.2 percent, that of wool increased by 6.5 percent, and milk and aquatic products increased by 25.2 and 12.7 percent respectively.

The spokesman said: Last year, a harmonious development was achieved in our regional industry and communications as a result of the reform. The gross industrial output value for the year reached 2.17 billion yuan, which was an increase of 18.1 percent over the previous year, overfulfilling the target of the Sixth 5-Year Plan by 28 percent. The characteristics of our regional industrial development are: 1) The internal structure of industry is becoming more and more harmonious, with light industry developing faster than heavy industry; 2) considerable progress was made in town and township industries, which registered an increase of 85.5 percent over the previous year. Besides, relatively great development was also achieved in the industries at and under the village level. This is a gratifying achievement and an important symbol of the readjustment of the rural production structure. Along with the development of production, economic returns were markedly increased. The budgeted annual profits and taxes of the industrial enterprises increased by 40.8 percent over the previous year, and the amount of profits and taxes actually turned over to the state increased by 33.1 percent. There was also great development in communications, transport, and posts and telecommunications.

The spokesman also gave details about the growth of investment in fixed assets in the past year and the successful completion of the key construction projects. Referring to the prosperous commerce and brisk market, he said that in 1985, the net total of purchases by the state and cooperative commerce increased by 11.6 percent over the previous year and the turnover from retail trade of social commodities reached 1.49 billion yuan, up 15.9 percent, of which that of consumer goods increased by 20 percent. Due to the improvement in the living standards of both urban and rural people and the change in the consumption structure, the sales volume of high-grade and durable consumer goods increased by quite a big margin. Fair trade in both town and country were unprecedentedly brisk.

The spokesman said that in the past year, the people's living standards were continuously improved. In cities and towns, more people obtained employment. It was estimated that by the end of the year, the number of employees could reach 554,000, an increase of 3.9 percent over the previous year, and the total amount of wages (not including price subsidies) increased by 12.5 percent. It was estimated that the net per capita income of the peasants could be maintained at the 1984 level. He also emphasized some changes in the price situation of our region. In 1985, there was a bigger increase in the price of nonstaple foods, but price of clothes and daily necessities were kept relatively stable or did not rise much. Thus, the general price index of the whole region grew by 8 percent over the previous year.

The spokesman also said that along with the economic development, corresponding development was also achieved in cultural and educational undertakings, public health, sports, broadcasting and television, and social welfare.

At the meeting, Chang Cenchang, chief of the Regional Statistical Bureau, said that this press conference was the first in our region's statistical history. In the future, while strengthening management over statistical data, it will be necessary to hold such press conferences at regular intervals so as to provide the leaders at various levels and various social circles with statistical information as soon as possible and to extend statistical services.

PROVINCIAL AFFAIRS

BRIEFS

HEILONGJIANG LIVING STANDARDS IMPROVE--Harbin, January 24 (XINHUA)--Urban living standards have improved considerably in China's northernmost Heilongjiang Province over the past five years, according to a survey published today by the Provincial Statistical Bureau. The survey of 1,000 families in the northeast province's five major cities shows that average monthly income last year was 59.32 yuan per person--a 61 percent increase over 1981. When price increases are taken into account, the average person was still more than 30 percent better off. The spending of the 1,000 families in Harbin, Qiqihar, Mudanjiang, Jiamusi and Hegang, has also increased in the past five years. The average person spent 45.87 yuan a month last year--43 percent more than in 1981. The living space of each person averaged five square meters in 1984--0.83 square meters more than in 1981. There was a big rush to buy household electrical appliances during the period. The survey shows the 1,000 families now own 868 TV sets, one and a half times more than in 1981. The number of tape recorders they own increased from 86 in 1981 to 374, and washing machines increased from 136 to 625. [Text] [Beijing XINHUA in English 1044 GMT 24 Jan 86 OW] /12858

JILIN POPULATION GROWTH--Jilin Province achieved remarkable results in family planning during the Sixth 5-Year Plan period. The number of babies born every year declined from 710,000 in 1970 to 310,000. The annual natural population growth rate declined to approximately 8.5 per thousand. [Excerpt] [Changchun JILIN RIBAO in Chinese 7 Jan 86 p 1 SK] /12913

CSO: 4006/655

ECONOMIC DEVELOPMENT ZONES

SHANDONG'S YANTAI ZONE BEGINS FIRST JOINT VENTURE

OW191523 Beijing XINHUA in English 1435 GMT 19 Jan 86

[Text] Beijing, 19 January (XINHUA)--the first joint venture in the Yantai Economic and Technological Development Zone in Shandong Province has just begun operation recently, according to the latest issue of BEIJING REVIEW.

The Yadong Standard Parts Co Ltd is designed to manufacture fittings for expensive household electrical appliances such as TV sets and refrigerators.

A company official said its annual output is designed to reach 1,000 tons, and 65 to 80 percent of its products will be exported.

The Yadong Company is the first joint venture in operation in one of the 11 economic and technological development zones set up by China's opened 14 coastal cities.

The Yandong Standard Parts Co, with a total investment of 1 million U.S. dollars (excluding the expenses for purchasing equipment in the country and for construction purposes), is funded by the Yantai Standard Parts Factory, the state-owned Chanchun Machinery Plant under the Ministry of Aeronautics Industry, the Shenzhen Aviation Standard Parts Co Ltd and the Hong Kong Kaidi Industrial Co Ltd.

The joint venture is expected to recoup all the investment in 3 years, the company official said.

Located on the shore of Zhifu Bay in the northern Shandong Peninsula, the Yantai Economic and Technological Development Zone start construction in the March of last year.

At present, infrastructure construction in an area of 1 square kilometer has been completed, and traffic, water, electricity and central heating supplies and telephone service have been made available.

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CSO: 4020/197

ECONOMIC DEVELOPMENT ZONES

UPDATE ON PROGRESS OF TIANJIN ECONOMIC DEVELOPMENT ZONE

Three Major Accomplishments

Tianjin TIANJIN RIBAO in Chinese 15 Nov 85 p 1

[Article by Tian Guiming [3944 6311 2494]: "Tianjin Economic Development Zone Making Satisfactory Progress"]

[Text] "Put together a group of young people and a new way of doing things and you have a host of new achievements." This was Mayor Li Ruihuan's [2621 3843 3883] impression when he inspected the Tianjin Economic Development Zone [EDZ] on the 13th. He also said, "As soon as one arrives at the EDZ, one becomes aware of a positive atmosphere. This small window will stimulate and give a push to urban reform within Tianjin. The EDZ has been in existence for only a short time, but it is already clear that such a possibility is definitely there."

Mayor Li Ruihuan heard reports on progress in all areas in the zone over the past year from leaders on the EDZ management committee. Since its establishment in December last year, the zone has made considerable headway in every aspect. So far 17 projects are under construction; 100,000 square meters of factory space have been built, of which 28,000 square meters are soon to be turned over to users, 16.2 kilometers of roads completed; 40.9 kilometers of drainage pipelines laid, and 1.85 million square meters of land reclaimed.

Project negotiations are also proceeding well and 20 contracts have been signed with foreign and Hong Kong firms to build joint ventures and cooperative enterprises. The EDZ management committee also briefed the mayor on its plans and proposals for next year.

After hearing the reports, Mayor Li Ruihuan said, "The zone has done very well over the past year. Compared to half a year ago, it has come a long way in every aspect. Particularly impressive is progress in working methods, including organizational systems and operational formats. This is very gratifying. We must seriously review the achievements and failures of our work in the last year in order to make us work even more conscientiously." He identified the three major achievements of the zone, "First, at the outset, the zone has focused on export-oriented projects and the import of science and

technology. In the process, it has both successfully sent its products into the international marketplace, thereby earning foreign exchange for the state, and propelled industrial modernization and technological import within the municipality. This is a Tianjin characteristic, an asset we must not discard. Second, the zone has carried out bold reforms in personnel and management systems and operational methods. It has hired a number of young people and adopted a set of new methods. It has built an enterprise through arduous efforts, refusing to use dishonest methods but sticking to the path of righteousness. Third, from the beginning to the present, the zone has never slackened its effort to win projects, a very important thing. Here its progress has been substantial and the zone has signed a number of good projects, promoting infrastructural development. All this makes us feel that the zone has been transformed." He demanded that the zone now devote itself to the first batch of projects to ensure that they are put into operation and produce economic results as soon as possible, thus building momentum for bigger things to come, and that the departments concerned do what they can to supply energy and transportation, etc., to make things easier for enterprises going into production.

Finally, Li Ruihuan expressed the hope that the zone would become an incubator of experts in international business and make even greater contributions to Tianjin's open door policy.

Also on the inspection tour were leading municipal comrades, Bai Hualing [4101 0553 3132], Yu Fujing [5713 4395 0079], Shi Jian [4258 1017] and Mao Changwu [3029 2490 0063], and leaders from relevant departments, commissions and bureaus.

Unified Management of Zone

Tianjin TIANJIN RIBAO in Chinese 15 Nov 85 p 1

[Article by Tian Guiming [3944 6311 2494]: "Unified Management Enhances Efficiency in the Tianjin Economic Development Zone"]

[Text] To meet the needs of the open door policy, the management committee of the Tianjin EDZ has adopted a unified management system and put together over the past year a rudimentary modern management system which consists of a small number of highly skilled and efficient people who go about their work expeditiously. This has proved an attraction to foreign investors.

Adhering to the principles of separation of government and enterprises, shortening the chain of command and administrative streamlining by staffing an office with fewer but better people, the zone went in for unified management and centralized all administrative and managerial authority in the management committee. Under the committee are 6 offices consisting of 70 people. All investment and development matters are handled within the committee, so cases do not have to be shuffled back and forth from one level to another. As a result, efficiency has been enhanced. It takes the committee normally a week to respond to project proposals submitted by potential investors and 15 days to give a written reply to feasibility studies. Even the examination and

approval of contracts takes less than a month. The implementation of the unified management system has also improved negotiation success rate considerably. One joint venture involving U.S. interests had been under negotiation between a municipal unit and the investor for almost a year before it was transferred to the zone. Because the zone's technical, commercial and civil engineering departments cooperated with one another under the committee's joint command, they took only 4 days to resolve the snags in the negotiations and clinch the deal, even working out such matters as plant design and construction, to the applause of the foreigner.

At the same time, branch agencies set up by departments responsible for social management in the zone, including customs, commercial inspection, industry and commerce administration, finance, tax, public security, fire service, and environmental protection, have also begun work intensively under the unified guidance and coordination of the management committee.

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CSO: 4006/613

ECONOMIC DEVELOPMENT ZONES

COASTAL CITIES FORM BOHAI BAY COOPERATION BODY

OW241928 Beijing XINHUA in English 1635 GMT 24 Jan 86

[Text] Tianjin, 24 January (XINHUA)--North China's major port city of Tianjin has set up an economic research society to increase cooperation with four other open coastal cities in Bohai Bay.

According to experts who attended Thursday's inaugural meeting, the four cities are Dalian in Liaoning Province, Qinhuangdao in Hebei Province, and Yantai and Qingdao in Shandong Province.

Starting from Leting County, Hebei Province, in the north to the Yellow River mouth in Shandong Province in the south, Bohai Bay abounds in coal, petroleum, salt, and aquatic products.

However, the output of prawns--a major resource--has dropped drastically as a result of a lack of coordination between cities and provinces in the bay area, the experts pointed out. Prawns breed off Hebei Province and grow up in the waters off Shandong and Liaoning Provinces. Cooperation is needed among the provinces to ensure they can breed and grow properly, they added.

Tianjin has better tourist facilities than other cities on Bohai Bay, but is short of places of historical interest and scenic beauty, according to the experts. It must cooperate with other cities in tourism if it wants to attract more visitors, the specialists opined.

The meeting declared that more than 50 experts from industry, agriculture, commerce and tourism in Tianjin will work out schemes to expand aquatic breeding in Bohai Bay, develop agriculture, industry and commerce in the rural areas, control pollution on the coasts, train personnel, and expand transportation and telecommunications in this area.

/12232

CSO: 4020/197

ECONOMIC DEVELOPMENT ZONES

BRIEFS

JOINT VENTURES IN TIANJIN--Tianjin, 22 January (XINHUA)--A recent financial analysis in Tianjin shows that the profit rate of 30 of the city's 56 joint ventures reached an average of 23 percent. The analysis was conducted by the Tianjin Municipal Committee of Foreign Economic Relations and Trade. Eight businesses have recovered their investment and 19 maintained a balance of foreign exchange. In the meantime, three have recorded slight deficits. According to the Tianjin Economic and Technical Development Administration, 20 more Sino-foreign enterprises will go into production here this year. To enhance the quality of managers and workers, the administration is building a technical training center. [Text] [Beijing XINHUA in English 1847 GMT 22 Jan 86 OW] /12232

CSO: 4020/197

AGGREGATE ECONOMIC DATA

GUANGDONG MAKES 'REMARKABLE' ECONOMIC PROGRESS

OW300406 Beijing XINHUA in English 0256 GMT 30 Jan 86

[Text] Guangzhou, January 30 (XINHUA)--Guangdong Province, south China, made remarkable economic progress last year, according to the local statistics bureau today.

The industrial and agricultural output value went up 18.4 percent from 1984 to reach 63.4 billion yuan.

Industry accounted for 45.4 billion yuan and agriculture, 18 billion yuan.

Taxes and profits handed over to the state by the local state-owned enterprises amounted to 2.58 billion yuan--21.1 percent more than in 1984.

Record harvests were registered for sugar cane, jute and hemp, fruit, tea, silk cocoons and aquatic products.

The province's revenue was a record 6.68 billion yuan, 36.3 percent more than the plan and 33 percent more than the previous year.

The value of retail sales was 31 billion yuan, 21.9 percent up from 1984.

Annual urban income averaged 957 yuan per capita last year, 4.9 percent more than in 1984 after price adjustment.

Incomes in the agricultural sector averaged 495 yuan, up 5.1 percent in real terms from 1984.

Bank savings amounted to 16.72 billion yuan, a 42.2 percent increase over the previous year.

Last year, the province signed 12,000 contracts with foreign businesses, involving a total foreign investment of 2.34 billion U.S. dollars--47.4 percent more than in 1984.

Foreign trade registered a surplus last year; exports were worth nearly 2.9 billion U.S. dollars, 15.7 percent up from 1984.

AGGREGATE ECONOMIC DATA

TOWNSHIP ENTERPRISES NOW AN IMPORTANT SOURCE OF STATE REVENUES

Beijing NONGCUN CAIWU KUALJI [Rural Financial Affairs] in Chinese No 8,
6 Aug 85 pp 8-10

[Rural Financial Affairs Report: "China's Township Enterprises Develop Rapidly with Good Economic Results in 1984"]

[Text] The number of township enterprises has expanded to 6.06 million, with 52.08 million people leaving their farmlands to engage in industrial and commercial work, thereby producing 170.9 billion yuan in annual output value, 153.7 billion yuan in total revenue, 18.7 billion yuan in net profits, 9 billion yuan in taxes turned over to the higher authorities, a tremendous increase in the output of major products, a marked improvement in the quality of products, penetration of more than 200 categories of products into world markets, and supply to the foreign trade sector of export commodities worth 2.72 billion yuan.

A statistical annual report covering the nation's 28 provinces, autonomous regions, and centrally administered municipalities (not including Tibet) submitted to the higher leadership by the Township Enterprises Bureau of the Ministry of Agriculture, Animal Husbandry and Fishery, indicated that 1984 was a gratifying year for China's township enterprises, a year in which new all-time high records were set in the leading economic indicators of gross output value, gross income, taxes and profits, and output of major products, a year in which the rural enterprises at two levels [xiangcun lianji qiye 6763 2625 0357 4787 0120 2814] continued to maintain an excellent situation of synchronous growth in speed and results. A prominent feature, guided by the spirit of Central Committee Document No 4 issued last year, was the speedy development of commune members' jointly run cooperative enterprises and individual enterprises in the various localities. In 1984, of a total of 6.06 million township enterprises, 1.65 million were rural enterprises at two levels (an increase of 304,000 enterprises or a growth of 22.6 percent over 1983), 900,000 were cooperative enterprises jointly run by commune members, 210,000 were cooperative industries of other patterns, and 3.3 million were individual enterprises. A vast majority of the commune members' jointly run cooperative enterprises and the individual enterprises were newly emerging tertiary industries (service trades and restaurants). By the end of 1984, staff and workers in these enterprises numbered 52.08 million, accounting for 14 percent of the entire rural labor force. Of this

percentage, the rural enterprises at two levels has 38.48 million staff and workers, embracing 74 percent, an increase of 6.135 million people or up 19 percent over 1983. In keeping with the development of the township enterprises, the rural labor force left their farmlands in large numbers to take up industrial and commercial jobs, thus stimulating the rural economy, bringing prosperity to the rural markets, and spurring an adjustment of the structure of rural industry. The leading signs of good economic results were:

First, the 1984 gross output value of the nation's township enterprises was 170.9 billion yuan, up 40 percent over 1983. Of this gross output value, the rural enterprises at two levels accounted for 143.3 billion yuan, including:

--A gross output value of 5.3 billion yuan achieved by agricultural enterprises, up 18 percent over 1983, substantially surpassing the 9.9 percent growth rate of the nation's GVAO (not including village-run and brigade-run industries).

--A gross industrial output value of 103.5 billion yuan (with the township-run industries accounting for 57.5 billion yuan and the village-run industries making up 46 billion yuan in gross output value), embracing 82.5 percent of the 125.4 billion yuan gross output value of all the township enterprises. Relatively large gains were made in the metallurgy, electric power, chemicals, textiles, machinery, building materials, foodstuff, feed, and arts and crafts industries.

--A gross output value of 4.7 billion yuan accomplished by communications and transportation industries (with the township-run industries accounting for 2.2 billion yuan and the village-run industries making up 2.5 billion yuan in gross output value). Development of communications and transportation enterprises has created favorable conditions for expanding commodity production and enlivening the urban and rural economies.

--A gross output value of 21.65 billion yuan attained by the building industry (with the township-run building industry accounting for 16.45 billion yuan and the village-run building industry making up 5.2 billion yuan in gross output value). This contingent of the building industry, which constitutes one-third of the nation's total number of construction staff and workers and of total floor space of building projects completed per year, has become an important force in China's construction industry.

--A gross output value of 8.1 billion yuan generated by other enterprises (including commercial and catering trades). The establishment of these enterprises has alleviated to varying degrees food, clothing, and housing "difficulties."

Second, the total revenues of the township enterprises amounted to 153.7 billion yuan, with each employee generating an average revenue of 2,951 yuan. Of the 153.7 billion yuan, the revenues of the rural enterprises at two levels reached a total of 126.8 billion yuan, accounting for 82.5 percent of the total revenues, an increase of 33.9 billion yuan or 37 percent over

1983; particularly gratifying was a relatively considerable growth in the income of poor and slow-developing areas. There was a growth rate of 60.3 percent in Anhui, 55.3 percent in Gansu, and more than 40 percent in Shaanxi, Yunnan, other cities and provinces. According to statistics, of the nation's township enterprises (and rural enterprises at two levels), there were 315 counties each generating a total revenue of more than 100 million yuan in 1984, including 29 counties each yielding a total revenue of over 500 million yuan; and there also emerged at the same time 21 villages, each achieving a total revenue of more than 100 million yuan.

Third, there was relatively significant growth in the output and a marked improvement in the quality of the products in short supply produced by the township enterprises. Electricity generated was 5.9 billion kWh, up 4.7 percent; production of raw coal was 202 million tons, up 25 percent; output of cement was 19.36 million tons, up 27 percent; the floor space of completed construction projects was 240 million square meters; compound feed produced was 680,000 tons. First priority was given to improving product quality, thus creating numerous top-quality products at the national, provincial, and world levels. In 1984, the Ministry of Agriculture, Animal Husbandry and Fishery graded 149 products of township enterprises as top-quality products at the ministerial level. Of the products from township enterprises in Henan Province, more than 300 were rated as top-quality products at the ministerial, provincial and municipal levels, and products in over 200 categories had found their way into the world markets, yielding more than 100 million yuan in foreign exchange earnings per year. In Heilongjiang, over 14 categories of industrial products were graded as top-quality products at the provincial level in 1983, and on this basis 18 categories of products were again rated as top-quality products in 1984; in Dalian City, Liaoning Province, 33 products were listed as top-quality products at the municipal level and above. According to incomplete statistics, township enterprises throughout the nation provided the foreign trade sector with export commodities worth 2.72 billion yuan in 1984.

Fourth, the net profits generated by the township enterprises amounted to 18.7 billion yuan, constituting 12.1 percent of the total revenues of the enterprises, with an average profit of 359 yuan per employee. Of the net profits of 18.7 billion yuan, the rural enterprises at two different levels accounted for 12.9 billion yuan, an increase of 1.2 billion yuan or 9 percent over 1983. Taxes paid to the state in 1984 reached 9 billion yuan, representing 6 percent of the total revenues, with every enterprise employee generating an average of 173 yuan in taxes. Of the total taxes paid to the state, the rural enterprises at two different levels accounted for 7.9 billion yuan, up 1.97 billion yuan or 33.5 percent over 1984. This indicates that township enterprises have become an important source of revenue for the state.

Fifth, the wages paid to staff and workers in the township enterprises in 1984 reached 30.1 billion yuan, for an average wage of 577 yuan per year. Computed on the basis of the nation's 800 million peasants, the average income each individual peasant gained from township enterprises per year was 37.6 yuan, constituting approximately 12 percent of the per capita net income

of a peasant household. In southern Jiangsu Province, the Zhu Jiang delta, and the suburban districts of major cities, where township enterprises are relatively well developed, the wages earned by many peasants from these enterprises constituted more than 60 percent of a family's net income. The enterprises have become their principal means of becoming prosperous through diligence and hard work.

Other problems worthy of attention arose in the 1984 high-speed development of township enterprises. For example, the magnitude of losses incurred by the enterprises kept expanding; there were 60,000 rural enterprises at two different levels incurring losses, an increase of 18,000 money-losing enterprises as compared with 1983; the amount of losses reached 680 million yuan, up 300 million yuan over 1983. In a number of areas there was a phenomenon of holding back on tasks, keeping down targets, "setting a deadline for doubling production," raising quotas at each level, all surpassing the enduring capacities of funds, materials, and energy, all running counter to the principle of doing what one is capable of; some enterprises, lagging behind in technology and management, resorted to unrealistic construction and impractical production, thereby hindering enhancement of product quality and economic results.

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ECONOMIC MANAGEMENT

BRIEFS

STATE ENTERPRISE DEREGULATION PRAISED--The reform of Shaanxi's small state enterprises has produced fruitful results since its implementation. According to statistics compiled on the basis of the natural categories of independent accounting, of a total of 2,800 small state enterprises in Shaanxi, 1,542 were deregulated, constituting 55 percent of the number of enterprises scheduled for deregulation, as of the end of June. Among them, there were 981 enterprises implementing collective management under state ownership, embracing 63.6 percent of the number of deregulated enterprises; 319 enterprises converted into enterprises of collective ownership, accounting for 20.7 percent; and 242 enterprises leased to individual or collective management, representing 15.7 percent. Since deregulation of the small state enterprises, staff and worker enthusiasm has been effectively stimulated, because the enterprises have secured appropriate initiative and attained further perfection of their internal systems. Enterprises have generally expanded the categories of services, extended business hours, and increased the varieties of styles and designs; some enterprises have integrated their principal line of business with comprehensive management and with buying and selling of goods on a commission basis. [Text] [Xi'an SHAANXI RIBAO in Chinese 11 Sep 85 p 2] 12315/13167

CADRE ECONOMIC INSTITUTE OPENED--An inaugural ceremony proclaiming the founding of the Wuhan Municipal Institute of Economic Management for Cadres and the opening of its first class was held yesterday. This institute was established to meet the needs of national economic development and the economic system reform. Taking research and resolution of the realistic issues of China's modern socialist economic construction--particularly the realistic issues of Wuhan City's economic development--as its focus, the institute proceeds with the distinctive objectives of improving cadre quality, thereby rendering services to realization of the party's general objectives and comprehensive tasks. [Text] [Wuhan CHANGJIANG RIBAO in Chinese 7 Sep 85 p 1] 12315/13167

CORRESPONDENCE TRAINING FOR CADRES--The Correspondence Institute of the People's University of China and the Wuhan Municipal Institute of Economic Management for Cadres, currently running a joint program for the training of professionals in economic management, have accepted more than 260 students in a first enrollment of the adult correspondence department scheduled to open classes 1 September. This is the first time a key out-of-province institute of higher learning has assisted Wuhan in training professionals. Students admitted to the correspondence department are mostly young cadres holding jobs. The two specialized courses being offered--industrial economy and finance--meet Wuhan's urgent needs. [Text] [Wuhan CHANGJIANG RIBAO in Chinese 3 Sep 85 p 2] 12315/13167

FINANCE AND BANKING

FUJIAN'S HU PING ATTENDS FINANCIAL MEETING

OW290921 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 26 Jan 86

[Text] Fujian's financial situation greatly improved last year. Total revenue was estimated to reach 2,505 million yuan, or 25.4 percent more than in 1984. The province achieved a balanced budget with a small surplus while ensuring wage and price adjustments and other normal disbursements. Nineteen eighty-five was one of the best years in the province's history.

A provincial meeting of directors of financial and tax bureaus of various prefectures and cities was held from 18 to 26 January. After analyzing the achievements last year, the meeting pointed out that we must strengthen and improve macro-economic control and promote and support economic reform. In addition, we must properly control and use the various funds. This year we must continue to attach importance to increasing revenue and practicing economy in order to ensure a stable increase in revenue and a balanced budget. The meeting called on the various bureaus and departments to continue to practice economy and control expenditures in line with the principle of limiting expenditures according to the province's income and doing only what the province is capable of. All bureaus should avoid deficits in their budgets. Funds should be used mainly to build key projects, promote economic reform, and develop education. In addition, it is necessary to increase appropriations for the support of agricultural production.

Before the meeting, leading comrades of the Fujian Provincial People's Government heard a report by the financial department. Governor Hu Ping attended the meeting and spoke to the participants. He hoped that cadres on the financial and tax front and financial personnel of all trades in the province would properly and wisely control their funds and contribute to the fundamental improvement of the financial situation in the province.

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FINANCE AND BANKING

GUANGDONG VICE GOVERNOR ON IMPROVEMENT OF FINANCIAL SITUATION

HK270654 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 23 Jan 86

[Text] Vice Governor Yang Deyuan recently said to the representatives who were attending the meeting of the directors of the prefectural and city finance and tax bureaus: In the year ahead, finance and tax departments at all levels must further correct their guiding ideology of work, implement the principle of increasing income, reducing expenditures, preventing the evasion of payment of taxes, and making good use, and make efforts to further better our provincial financial situation.

Vice Governor Yang Deyuan said: In increasing income, it is necessary to grasp two aspects of work:

1. It is essential to open up a new sphere, to support production, to promote circulation, and to increase financial resources.
2. It is imperative to grasp economic results. Fundamentally, we must tap enterprises' internal potential and raise economic results. In reducing expenditures, we must lay stress on control over the scale of investments in fixed assets and over the expansion of funds for consumption. When we do everything, we must do what we are capable of. In preventing the evasion of taxes, what is now most essential is to do well in grasping our collection and large-scale inspection of finances from start to finish. This is not only the work of strictly enforcing discipline and correcting unhealthy trends but also a very large amount of financial resources. In making good use, we must be good at using money. If we are not good at using money, we cannot attain the goal of spending less money and doing more and better work.

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FINANCE AND BANKING

GUANGXI FINANCE, TAX WORK CONFERENCE OPENS 18 JANUARY

HK211316 Nanning Guangxi Regional Service in Mandarin 1100 GMT 18 Jan 86

[Excerpts] The Regional Conference on Finance and Tax Work opened in Nanning today. The main tasks of this conference are to implement the spirit of the national conference on finance work, to make arrangements for revenue and expenditures in 1986, and to discuss and arrange for finance and tax work in 1986.

At this morning's conference, leading comrades of the regional people's government and regional finance department analyzed our region's current economic and financial situation. They pointed out that the national economy in our region in 1985 developed relatively greatly and the financial situation improved markedly. Particularly in revenues, the situation of slow increase since 1980 was changed. Revenues increased by a relatively big margin. Calculated on the basis of comparable items, it recorded an increase of 20.8 percent over the preceding year. The structure of expenditure also improved to a certain extent. This supported reform of the economic structure and the development of all aspects of work. New progress in reform of finance and taxation was also made.

In their speeches, they put forward that the guiding ideology of the arrangements for revenue and expenditures in our region in 1986 is that on the basis of the development of production and of the raising economic results, it is necessary to correctly give play to the policies on finance and to continue to maintain a steady increase in revenues. In the principle of keeping expenditures within the limits of income and doing what we are capable of, we must vigorously support reform of the economic structure and the development of production, suitably increase the funds for the transformation of agriculture and technology in enterprises, continuously support the development of cultural, educational, scientific, and public health work, and guarantee what is needed in the wages reform.

In their speeches, they also demanded that in finance work this year, it is essential to further emancipate the mind, to sum up experiences, to vigorously support the enlivening of the economy and the increase in financial resources and to strive for further improvement in the whole region's financial situation.

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FINANCE AND BANKING

GUANGXI HOLDS FINANCE, TAXATION CONFERENCE

HK300333 Nanning Guangxi Regional Service in Mandarin 1100 GMT 27 Jan 86

[Excerpts] The Regional Conference on Financial and Taxation Work, a conference promising success in the province's financial work, ended in Nanning on 27 January after a 10-day session.

The conference summed up the province's financial work in 1985, set the province's expenditure and income for 1986, and studied and arranged financial and taxation work in 1986.

In summing up the province's financial work in 1985, the conference pointed out that, on the basis of continuous economic development and improvement of economic results, the province well fulfilled 1985's plan for expenditure and income. Both the revenue and expenditure of the province increased greatly over 1984. According to a calculation of comparable items, the province's revenue and expenditure increased by 20.8 percent and 22.5 percent respectively over 1984. In 1985 the province achieved a balanced budget and had some financial surpluses.

The conference pointed out that 1986 is the first year of the Seventh 5-Year Plan. Properly carrying out this year's financial and taxation work and striving for further improvement of the province's financial work is of great importance in consolidating and developing the current excellent situation and in fulfilling the province's financial and economic tasks for the Seventh 5-Year Plan. The conference clearly defined the tasks which the province must firmly grasp in financial and taxation work in 1986.

1. It is necessary to grasp the work of raising funds and collecting taxes, and adhere to achieving a balanced budget.
2. It is necessary to support large and medium-sized enterprises to enliven their operations and to promote production.
3. It is necessary to further perfect the financial management system and to continue to use funds in a lively way.

4. It is necessary to actively support subsidized counties, develop their economy and speed up their exploitation, so as to achieve the target that most of the 50 financially subsidized counties can financially support themselves by 1995.

5. It is necessary to strengthen financial supervision and enforce financial discipline.

Wei Chunshu, chairman of the regional people's government, and (Wei Tinghuan), secretary general of the regional people's government, attended the conference and delivered speeches.

They demanded that financial and taxation departments at all levels have a clear understanding of the situation, adhere to reform, and do their utmost to fulfill this year's financial and taxation tasks.

Under the leadership of CPC committees and people's governments at all levels, marked results have been achieved in the regional financial, taxation, and price examination, which began in September last year. The region has verified a total of 179 million yuan involved in various cases in violation of financial discipline and which must be submitted to the state. Some 124 million yuan has now been submitted, accounting for 69.6 percent of the total amount which should be submitted to the state.

According to statistics, self-examinations have been carried out in 83.4 percent of state-run and collective enterprises and institutions and administrative organs in the region and priority examinations have been carried out in about 40 percent of them. All localities and departments have also investigated and dealt with important and major cases. The examination is now developing in depth.

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FINANCE AND BANKING

GUANGXI AUDIT WORK CONFERENCE ENDS 26 JANUARY

HK290835 Nanning Guangxi Regional Service in Mandarin 1100 GMT 26 Jan 86

[Excerpts] In 1985, although audit organs were newly set up and were shorthanded, and their conditions for work were relatively poor, the audit departments in our region strictly enforced financial and economic discipline and vigorously started audit work and supervision, centered on reform of the economic structure and on the correction of new unhealthy trends. The region audited 1,026 units and discovered a large number of cases of violations of law and discipline and of causing losses and indulging in waste, which involved some 415 million yuan. Of this total, 58 million of the 100 million yuan which should have been submitted to the state treasury, had already been submitted to the state treasury. This was the general review and summing up of the 1985 region's audit work which was made by the Regional Conference on Audit Work which concluded today.

On the basis of summing up the work for the whole of last year, in accordance with the spirit of the recent national conference on audit work, and in the light of our region's specific situation, this conference put forward the main tasks of the audit work in our region in 1986. That is that audit work must play a part in upholding financial and economic discipline; controlling the scale of investment of fixed assets and the increase in funds for consumption promoting the improvement of party style and general mood of society; and guaranteeing the smooth progress of reform of the economic structure. To achieve these tasks, the conference put forward the following aspects of work which should be grasped well this year:

1. It is necessary to serve the improvement of party style. In accordance with the spirit of the relevant instructions of the CPC Central Committee and State Council and with the arrangements made by CPC committees and governments at all levels, we must start audit work and supervision in coordination with departments concerned, and do this work well.
2. In the aspect of arrangements for items to be audited, it is essential to lay stress on auditing large and medium-sized enterprises and capital construction projects with self-raised funds. At the same time, it is

essential to do audit work in other trades. In addition, it is also necessary to audit county and city finances, construction banks, and their trust organs.

3. It is imperative to set up audit organs and do audit work well in all systems.

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FINANCE AND BANKING

HEILONGJIANG PROVINCE INCREASES FOREIGN EXCHANGE EARNINGS

HK210627 Beijing GUOZHI SHANGBAO in Chinese 9 Jan 86 p 1

[Report by correspondent Wang Cheng [3769 2052]: "Heilongjiang Registers an Average Annual Growth Rate of 24.5 Percent in Foreign Exchange Earnings During the Sixth 5-Year Plan Period"]

[Text] Heilongjiang registered an average annual growth rate of 24.5 percent in foreign exchange earnings through exportation under the Sixth 5-Year Plan. An estimate made at the end of November 1985 showed that the amount of foreign exchange earned by the province through exports totalled U.S.\$370 million and it was expected that the figure would exceed U.S.\$400 million by the end of December. This was 18 percent higher than the previous year and represented a rise of 310 percent over 1980.

The total volume of export trade with the Soviet Union along Sino-Soviet borders reached SF23 million in the first 11 months of 1985, an increase of 11.1 percent over the previous year, recording an all-time high. By the end of January 1985, 37 agreements (or contracts) for the use of foreign funds had been signed in the forms of joint ventures, loans and countertrade, totalling U.S.\$62.89 million, of which foreign investment funds accounted for U.S.\$39.9 million. The amount of foreign funds put to use by the province during the Sixth 5-Year Plan Period totalled U.S.\$89 million or more.

The main features of Heilongjiang's foreign trade last year were:

First, a steep rise in grain export. Heilongjiang has advantages in grain export. Over the past 2 years, the total volume of grain export has greatly increased. By the end of last November, it had exported 680,000 tons of soya bean and the figure was expected to reach 950,000 tons by the end of 1985. This will be 280,000 tons more than the previous year, or a rise of 42 percent. The total volume of soya bean export to the Soviet Union last year reached 230,000 tons. Through exports of soya bean and maize alone, the province earned more than U.S.\$120 million of foreign exchange for the state last year.

Second, a sharp increase in export trade with the Soviet Union and East European nations. In the period between January and November 1985, the

volume of export trade with the Soviet Union, Czechoslovakia, Romania, Poland, the GDR, and Hungary amounted to over U.S.\$136 million, representing a rise of 27.5 percent over the previous year and accounting for 36.7 percent of the province's total foreign exchange earnings. The volume of export trade with the Soviet Union alone rose by 24.2 percent over the corresponding period in 1984.

Third, gratifying changes in putting foreign funds to use. 1) Loans obtained from foreign governments reduced and funds directly absorbed from foreign investors increased. In the first 11 months of 1985, foreign loans accounted for only 17 percent of the total foreign funds put to use by the province, while foreign investment funds made up 68 percent. 2) The province started to use foreign funds to establish export-oriented industrial enterprises instead of service trades. Last year the province set up 29 joint ventures with foreign funds. Of these, 16 were industrial enterprises, constituting 55 percent of the total. Of the 16 industrial enterprises, 13 can produce export products and earned a total of over U.S.\$30 million last year. 3) The province used both foreign funds and local financial resources to develop the production of export commodities to earn more foreign exchange. For example, the Hejiang Forestry Development Company cooperated with France's Sailibao [6357 0448 0202] Company to establish the Helin Furniture Company Limited at Jiamusi, to produce furniture from local timber for export. Meanwhile, in cooperation with the Longguang Industrial Company Limited of Hong Kong, the Yansou linen mill founded the Yanshou Linen Company Limited to produce flax products for export.

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FINANCE AND BANKING

HUBEI FINANCE, TAXATION WORK CONFERENCE ENDS 18 JANUARY

HK241035 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 19 Jan 86

[Text] The Provincial Conference on Finance and Taxation Work which had lasted 8 days concluded in Wuhan yesterday. Provincial CPC committee Deputy Secretary Guo Zhenqian attended the conference and spoke.

After analyzing the current economic situation, he put forward six points on further doing finance and taxation work well this year:

1. It is necessary to persist in putting reform above everything else and to continuously perfect all measures for reform. The finance and tax departments must create conditions for all reforms and both vigorously support reform and constantly perfect their own reform. The focal point this year must be to perfect the system of substituting taxes for delivery of profits and the system of industrial and commercial taxes.
2. It is essential to concentrate forces on raising economic results. We must develop enterprises' technology and technological transformation in a planned way to increase their ability to transform and develop themselves. We must strengthen management and work hard to reduce cost and deficits.
3. We must work hard to increase income and reduce expenditures and contribute toward a balance of financial income and expenditures.
4. It is imperative to vigorously support the building of mountainous areas and to help the poor. In policies, capital, manpower, and technology, we must take feasible measures so that the people in the mountainous areas can be lifted out of poverty and get rich as soon as possible.
5. We must strengthen supervision and management, establish all regulations and system, put them on a sound basis, and strictly enforce financial and economic discipline.
6. We must seriously strengthen ideological and political work and do well in building the finance and tax ranks.

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FINANCE AND BANKING

QINGHAI BALANCES INCOME, EXPENDITURES IN 1985

HK291334 Xining Qinghai Provincial Service in Mandarin 2330 GMT 24 Jan 86

[Excerpts] In 1985 the province's financial income and expenditures were balanced. The province's financial income for 1985 increased by 42.7 percent over 1984, and both the increase amount and rate were rarely high.

In 1985 financial departments at all levels in the province further corrected the guiding thinking on their work and carried out their work focusing on raising economic efficiency and developing social productive forces. They brought into full play the role of credit and taxation as economic levers.

With the great efforts made by staff and workers on taxation front, the province achieved relatively good results in taxation work last year, which played an active role in increasing the province's financial income. While strengthening taxation work, all localities also paid serious attention to turning losses into profits in enterprises. State-run industrial enterprises in the province covered by the budget overfulfilled last year's profit target. The amount of losses of loss-suffering enterprises in the province for 1985 decreased by 2.1 percent over 1984.

In expenditures, financial departments in the province last year controlled administration fees and the purchasing power of social groups. According to statistics, the total purchasing power of social groups in the province in 1985 decreased by 2.3 percent over 1984, well below the limit set by the central leadership.

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FINANCE AND BANKING

SHAANXI BANKS CONTROL CREDIT, CURRENCY CIRCULATION

HK310458 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 27 Jan 86

[Excerpt] People's banks at all levels in the province have strictly controlled the scale of credit and irrational currency circulation. The money put into circulation by the banks in 1985 decreased by more than 20 million yuan over 1984, without exceeding the limit set by the state and achieving the predicated goal for macroeconomic control.

In 1985, people's banks at all levels in the province adhered to the principle of controlling macroeconomy while enlivening microeconomy. They have adopted many measures to support economic development. On the issue of money supply to all professional banks, the people's banks have adopted the methods of actually granting loans, depositing money, and appropriating money, changing the previous practice of eating from the same big pot under the supply system. They have strengthened control over money supply to all professional banks and adhered to granting loans according to plans, thus changing the passive situation in loan accounts. They have also conducted credit inspection, strengthened financial management, and upheld credit policies. As a result, such problems as arbitrarily issuing non-profitable loans and seeking one's own interests by taking advantage of power in issuing loans have somewhat been solved. The phenomenon of arbitrarily setting up organs to compete with others in credit business has basically been controlled.

On the basis of exercising macroeconomic control, people's banks at all levels have constantly readjusted the amount of money in circulation, actively tapped their potential in regard to funds, and raised funds from all areas. The province's saving deposits in 1985 increased to [words indistinct], overfulfilling the target by 450 million yuan. The money recovered through four main channels including sale of goods and supply of labor service increased simultaneously, thus vigorously supporting economic construction.

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FINANCE AND BANKING

TIANJIN'S 1985 FINANCIAL ACHIEVEMENTS NOTED

SK290111 Tianjin TIANJIN RIBAO in Chinese 15 Jan 86 p 1

[Text] In 1985, the municipality realized 4.3 billion yuan in financial revenues and broke the record of about 4 billion yuan, which had been scored over the 5 consecutive years, for the first time showing a simultaneous increase between financial revenues and production and sales. The Municipal Finance Bureau predicts that the municipal financial revenues may reach 4.315 billion yuan, surpass the fiscal budget by 11.63 percent, and may show a 17.71 percent increase over the 1984 figure by calculating in terms of comparable items.

One of the important reasons a simultaneous increase between financial revenues and production and sales was achieved is because the industrial enterprises have actively readjusted their product structure and developed products enjoying brisk sales.

Along with the development of the national economy, the municipality made an excellent fulfillment in its tax revenues in 1985 and showed a 21.68 percent increase over the 1984 figure. Of its tax revenues, that of heavy industries showed a rapid increase and the scale of increase in industrial and commercial tax revenues, which was shown by the industrial bureaus of metallurgy, first machine-building, second machine-building, building materials, and chemistry, and by the Dagang oil fields, greatly surpassed that of the increase showed in the first 4 years of the Sixth 5-Year Plan Period. The industrial and commercial revenues of the First and Second Light Industrial Bureaus and the Textile Industrial Bureau also showed a sustained increase. The tax revenues of the collective-owned enterprises also showed a greater increase over the 1984 figure. The municipality plugged some loopholes while carrying out the general inspection over tax revenues, financial affairs, and commodity prices, also resulting in an increase in some revenues.

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FINANCE AND BANKING

YUNNAN CONCLUDES FINANCIAL WORK CONFERENCE

HK310301 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 16 Jan 86

[Text] The Provincial Work Conference on Finance, which concluded on 15 January, put forward that in this year's financial work, we should make great efforts to consolidate the results achieved. We should also develop new sources of revenue and promote the improvement of economic results, so as to achieve this year's financial goal of collecting over 3 billion yuan revenue.

The conference maintained that over the past two years, the province has made gratifying achievements in financial reform. This year, we should give further play to the advantages of substituting profit delivery for tax delivery, as well as those of making contracts level by level, so as to improve the vitality of economic development at various levels, as well as the enterprises' ability of transforming and developing themselves. In addition to developing new sources of revenue, we should emphatically give play to advantages and develop a whole series of products. In addition to focusing on the output volume of products, we should lay stress on the improvement of product quality and management skills. We should increase profit by conducting reforms, tapping internal potential, and carrying out transformation, thereby ensuring a stable growth of financial revenue. We must uphold the correct direction of reforms and break away from those habits and traditional practices which do not conform to reforms. We should strive to make governments at all levels capable of handling their financial matters. We must also respect the decision-making power of enterprises, and protect their legitimate income. On new problems which develop in the course of reform, they must be seriously investigated by the financial and tax departments at various levels. They must propose effective methods for solving them. They should further improve the political quality and professional skills of cadres working in these departments. They should constantly improve their management so that they can handle financial matters and personnel well. The financial and tax departments at various levels must participate in making economic decisions and exercising macroscopic supervision and control through financial and taxation levers, instead of simply collecting revenue and taxes. Thus, the departments can give play to their supervision roles.

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FINANCE AND BANKING

BRIEFS

HEBEI FINANCIAL ACHIEVEMENTS--Hebei Province has prefulfilled the financial revenue target set forth by the Sixth 5-Year Plan by 1 year and prefulfilled the 1985 revenue target set forth by the budget by 2 months. As of the end of October, the province overfulfilled its annual revenue plan by 2.5 percent, a 20.6 percent increase over the figure for the corresponding 1984 period. Total spending during this period also showed a 9.8 percent increase over the figure for the corresponding 1984 period. In 1984 there were 140 counties (cities) throughout the province which succeeded in maintaining a balance between their revenues and spending, and there will be 9 counties that can totally eliminate their deficits this year. In addition, as of 1984 the province showed a yearly average increase of 12.8 percent in its extra-budget revenues. It is estimated that the total revenues in this regard may reach about 3.4 billion yuan this year, accounting for 77 percent of the total revenue budget. [Summary] [Shijiazhuang HEBEI RIBAO in Chinese 17 Dec 85 p 1 SK] /12858

SHANXI TAX COLLECTION--During the Sixth 5-Year Plan Shanxi Province's tax collections amounted to 10,185,450,000 yuan, more than double the figure for the Fifth 5-Year Plan. [Summary] [Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 21 Jan 86 HK] /12858

GANSU WORKERS' INCOME--During the Sixth 5-Year Plan Period, the household income of staff and workers in the province increased greatly. According to statistics, in 1985 the per capita income of staff and workers which can be used in their daily life is expected to have reached some 628.43 yuan, and representing an increase of 41.6 percent over 1981 and an average annual growth rate of 7.2 percent. [Summary] [Ganzhou Gansu Provincial Service in Mandarin 1100 GMT 24 Jan 86 HK] /12858

SHANDONG SURPLUS IN 1985--A good financial situation seldom seen in the past few years emerged in 1985. The province embarked on the path of steady, self-sustained growth by keeping a balance between revenues and expenditures, with a slight surplus. According to statistics, as of the end of last December, the total revenue of the province was expected to reach 6.715 billion yuan, 13.68 percent higher than the budgetary target and 22.87 percent more than that of 1984; and total expenditure was 4.271 billion yuan, an increase of 14.9 percent over that of 1984. It was expected that the accounts will show a favorable balance of

70 million yuan, thus bringing down the province's deficits accumulated in the past few years from 192 million yuan in the end of 1984 to 122 million yuan. Of the 14 prefectures and cities across the province, last year eleven maintained a balance between revenues and expenditures, and five cities completely cleared their accumulated deficits. Our province has basically fulfilled the task for realizing a fundamental turn for the better in the financial and economic situation. [Text] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 28 Jan 86 SK] /12858

GOVERNOR DISCUSSES FINANCES, TAXES--Governor He Zhukang spoke at the Provincial Finance and Tax Work Conference which concluded on 28 January, demanding that the finance and tax departments further reform their systems this year, bring into better play the role of economic levers, and strengthen financial and tax supervisory work, so as to raise more capital for developing Henan's economy. He said: Last year the province's financial and tax revenue was 4.8 billion yuan, an increase of 19 percent over 1984. Such an increase has rarely been seen since the founding of the state. He said: At present the average financial revenue per person in the province is far below the national average. The financial and tax departments must reach or approach the national average level as soon as possible. They must regard this as their goal of endeavor. [Excerpts] [Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 29 Jan 86 HK] /12858

BEIJING'S 1985 REVENUES--The revenue of Beijing municipality reached 5.25 billion yuan in 1985, 730 million yuan more than planned and a 13 percent increase over 1985 in terms of comparable items. [Excerpt] [Beijing BEIJING RIBAO in Chinese 12 Jan 86 p 1 SK] /12858

HAINAN FOREIGN CURRENCY SAVINGS--The amount of foreign currency savings and foreign money exchanged in Hainan Administrative Region has increased by a big margin. According to statistics compiled by departments concerned, by the end of last year, the amount of foreign currency savings had reached some 10 million Hong Kong dollars and the amount of foreign money exchanged some \$28 million, 17 times and some 2 times respectively greater than in the preceding year. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 22 Jan 86 HK] /12858

SHANDONG TAX REVENUE--As of the end of November 1985, Shandong Province had collected 6,723,630,000 yuan in industrial and commercial taxes, overfulfilling the state tax revenue plan by 9 percent. In addition, the province discovered more than 400 million yuan in illegal funds through a general financial checkup, of which some 227 million yuan has been returned to the state treasury. [Summary] [Jinan DAZHONG RIBAO in Chinese 23 Dec 85 p 1 SK] /12858

GUANGXI ARREARS OF TAXES--Some 91,000 units and individuals in Guangxi Region have reported tax arrears of some 50 million yuan after tax departments at all levels popularized the law of taxes, knowledge of tax payment and conducted similar education. Some 100 party and government leading comrades of all prefectures, cities, and counties also took part in the publicity on the law of taxes. [Summary] [Nanning Guangxi Regional Service in Mandarin 1100 GMT 23 Jan 86 HK] /12858

GUANGDONG REVENUE, EXPENDITURE--In 1985, the province basically maintained a balance between revenue and expenditure, with a little surplus. According to statistics, the province's revenue in 1985 was 6.88 billion yuan, overfulfilling the annual target by 36.3 percent. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 9 Jan 86 HK] /12858

SICHUAN SAVING DEPOSITS--During the Sixth 5-Year Plan Period, the urban and rural saving deposits of the province's industrial and commercial banks increased continuously. By the end of December 1985, the total urban and rural saving deposits of the province's industrial and commercial banks amounted to 4.75 billion yuan, an increase of 260 percent over the figure at the end of 1980 and an average annual growth rate of 29.28 percent. [Summary] [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Jan 86 HK] /12858

YUNNAN LOANS, SAVINGS--In 1985, agricultural banks at all levels in the province granted a total of 1.48 billion yuan of various agricultural loans, an increase of 36 percent over 1984. With the increase in rural income, they recovered a total of 1.65 billion yuan of due and overdue loans, the highest amount recorded over the past few years. The rural bank savings of the province in 1985 was 1.22 billion yuan, an increase of 28.6 percent over 1984. [Summary] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 20 Jan 86 GK] /12858

GREATER AUTONOMY FOR SHANGHAI BANKS--Shanghai, January 25 (XINHUA)--Banks operating with overseas Chinese and foreign funds in Shanghai now can set their own interest rates on deposits by clients from overseas, Hong Kong and Macao, a local bank president announced. "These banks are no longer subject to the rates set by the Bank of China," Li Xiangrui, president of the Shanghai branch of the People's Bank of China, said here this week. In extending loans to Chinese customers, they will be helped by Chinese banks with consultancy services, he said. Since December 1984, the Shanghai-based branches of four overseas banks have been empowered to draw deposits from and extend loans to overseas customers, as well as Sino-foreign joint ventures and enterprises with sole foreign investment in China. They are the branches of the Sadongya (East Asia) Bank, Overseas Chinese Bank, the Hong Kong and Shanghai Banking Corp. and Standard Chartered (Macaulay) Bank. Moreover, 21 foreign bank offices here are helping Chinese firms find foreign business partners, and offering them information and consultancy services. [Text] [Beijing XINHUA in English 0905 GMT 25 Jan 86 OW] /12858

NEI MONGGOL COMMERCIAL PROFITS--From January to November 1985, commercial units throughout Nei Monggol Region netted a total of 96.71 million yuan of profits, overfulfilling the annual target by 13 percent 1 month ahead of schedule. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 Jan 86 SK] /12858

MINERAL RESOURCES

PRODUCTION OF TITANIUM TO BE DOUBLED IN 5 YEARS

OW281222 Beijing XINHUA in English 1105 GMT 28 Jan 86

[Text] Beijing, January 28 (XINHUA)--China is set to promote the use of titanium and double the output of this important metal in five years, according to officials from the department in charge of these tasks.

Scientists generally agree that titanium will succeed copper and iron to become the third-most-important metal for industry in the 21st century.

It is learned that only the Soviet Union, the United States, Japan, China and Britain are producers of titanium and China is turning out thousands of tons of this metal.

Titanium was found in the form of oxide 197 years ago, but its extraction became a reality only 48 years back. The metal has the properties of high conductibility and resistance to high and low temperatures, corrosion and magnetism. It is now used in the cosmonautics, aviation, navigation, armaments, medicine and petrochemicals industries.

It is determined that the total world reserves of titanium are 4,000 million tons, ranking behind aluminum, iron and magnesium. China has the biggest share of reserves.

China plans to renovate and expand the existing factories and increase the varieties and specifications of the metal plates. A documentary film on titanium and its uses has been made and is ready to be shown throughout the country.

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CSO: 4020/201

MINERAL RESOURCES

BRIEFS

SHANDONG GOLD PRODUCTION--Gold mining by the masses was vigorously developed in Shandong during the Sixth 5-Year Plan period. The output of the gold mined by the masses during the 5 years was greater than the total mined during the 31 years after the founding of PRC. The average annual increase was 9 percent. Output in 1985 amounted to 58.53 percent of the total gold output of the nation and more than 40 percent of the total output of gold mined by the masses throughout the country. [Excerpt] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 26 Jan 86 SK] /12913

YUNNAN DISCOVERS PHOSPHATE ORE--Kunming, 28 January (XINHUA)--Southwest China's Yunnan Province has for the first time verified a large deposit of low-magnesium phosphate ore, offering a bright prospect for export. According to local geologists, the ore contains 30 percent phosphorus and only 0.2 to 0.5 percent magnesium. The ore was found in the Dianchi Phosphate Ore Zone and is estimated to have a reserve of 270 million tons. The ore can be mined in open-cast operations and concentrated phosphate ore can be obtained without having to go through a floating dressing process. Yunnan is China's number one phosphate ore producer and has phosphate ore reserves estimated at 5.3 billion tons. The discovery of the low-magnesium weathered phosphate ore is expected to help China end imports of phosphorous fertilizer, local geologists said. The province now plans to export 300,000 tons of phosphate ore, 7,000 tons of ground phosphate ore, and 5,000 tons of yellow phosphorus this year to Japan, the Philippines, the Soviet Union and other countries. By the year 2000, such exports could reach 5 million tons, a local exporter predicted. [Text] [Beijing XINHUA in English 1445 GMT 28 Jan 86 OW] /12232

NEI MONGGOL ALKALI MINE--Hohhot, 27 January (XINHUA)--Construction work on China's largest natural alkali mine in Inner Mongolia Autonomous Region has restarted after a 6-year break, a local official said here today. Work began on the mine in Sonid Youqi Banner, north-east Inner Mongolia, in 1971, but was suspended in 1979 because a capital construction boom was draining state investment funds. It is now expected to be completed in 1989, said the official. The mine has 43 million tons of Alkali deposits. When completed, the official said it will turn out annually half a million tons of natural alkali, caustic soda, sodium bicarbonate, and mirabilite, which are used in glass-making, metallurgy and other industries. Work completed so far includes transport and telecommunications facilities, water pipelines and other infrastructure. [Text] [Beijing XINHUA in English 1055 GMT 27 Jan OW] /12232

CSO: 4020/200

INDUSTRY

BREAKTHROUGH IN GOLD PRODUCTION IN HEILONGJIANG REPORTED

Harbin HEILONGJIANG RIBAO in Chinese 20 Sep 85 p 1

[Article by Dai Tian [2071 1131]: "New Breakthrough in Heilongjiang's Gold Production; Provincial Government Further Relaxes Policy; Prospects Even Better"]

[Text] Gold production in Heilongjiang this year has been expanding rapidly. It has set the highest record since the PRC was founded. With the provincial government's recent further relaxation of policy, the prospects for gold production are even better.

Last year, gold production in the province was quite good. According to statistics through 5 September of this year, gold output has increased 24.2 percent over the same period last year.

The emergence of this good situation is mainly due to our carrying out a uniform policy for the state-run, collective, and individual sectors, which has aroused the enthusiasm of the localities and masses for mining gold. In Mudanjiang, Jiamusi, Yichun, Da Hinggan Ling, Heihe, Huanan, Muling, Linkou, Tangyuan, and other cities and counties, gold mining by the masses has picked up very quickly, not only helping to build the national economy, but also promoting the development of local industrial and agricultural production. The state, localities and individuals have all benefited and further aroused the enthusiasm of the masses to develop gold production. The mining income of Tangyuan County last year was more than 70 percent of the county's entire profits. The Jianguang Brigade of Hexi Commune in Muling County Tuoyaozi Village in Huanan County, and other places all had some old impoverished households that were made richer by mining gold.

At the province-wide working conference on gold held on the 15th, the provincial government advanced several new relaxation and invigoration policies to further stimulate local and individual enthusiasm for gold mining. The main ones were: (1) With permission the masses can mine, mine sections not appropriated by the state in near-term planning, leftover ore from major mines, overworked leftover mines, and overmined sections of placer mines. (2) To greatly develop collective gold mining and individual gold mining, the state will support the joint management and operation of mines among state-run, collective and individual mines. It will welcome the

investment, joint investment, joint management or independent capital operation of mines by enterprises, collectives, or individuals outside the province. (3) The state will encourage the development of traditional mining methods. The provincial government will also revise some specific policies, such as: putting into practice higher prices for extra-quota production, and sharing foreign exchange. The government will use foreign exchange in developing gold production, rewarding those enterprises and administrative departments which have outstanding results in gold production. It will also implement the four priorities of loans, electric power, supplies of goods and materials, and communication and transportation.

13103/9435

CSO: 4006/87

INDUSTRY

SICHUAN PLANS INCREASE IN LIGHT INDUSTRIAL PRODUCTION

Chengdu SICHUAN RIBAO in Chinese 14 Sep 85 p 1

[Commentary: "Strive To Increase Production of Light Industrial Products"]

[Text] Over the years, the circulation of currency has been comparatively concentrated in late autumn, the peak period for selling light industrial products. This year, Sichuan's economy has enjoyed continuous, stable, and coordinated development. During the latter part of the year, organs, institutions, and schools have carried out wage reform and enterprises bonus taxes have been relaxed somewhat. Due to the structural readjustment of rural industry, cash income for peasants has increased, while the late-autumn buying and selling should become even more brisk. In this situation we must do our best to increase production of light industrial market products, especially famous-brand and high-quality products and various marketable goods to satisfy the needs of the people. To arouse public enthusiasm for reform, strengthen and develop this excellent situation and guarantee its smooth continuation is highly important.

To be sure, there are numerous difficulties in increasing the production of light industrial goods. Shortages of raw and processed materials and the insufficiency of funds directly affect the light industrial products needed daily by the people. Prices should be maintained relatively stable. Internal consumption of goods and materials is the typical factor in rising costs caused by enterprise growth. In the face of many difficulties, every area, department, and light industrial enterprise must explain clearly the importance and urgency of increasing the production of light industrial products to the workers and staff members in order to stimulate their sense of responsibility, to surmount difficulties in every possible way, and to make great efforts in increasing production. At the present time we must concentrate on the following tasks.

First, we must try hard to exploit the internal potential of the existing enterprises. The enterprises must actively improve management and administration, rationally utilize funds, and do a good job of technological transformation, reducing consumption of raw and processed fuels and readjusting product mix. We should cut back on production of those goods which are either not urgently needed or are unmarketable, and work hard to increase production of new products and varieties which are urgently needed. At the

same time, we must do a good job in various reforms within the enterprises, to fully arouse the enthusiasm of the workers and staff members. We must work hard to maintain all equipment in good order and to seek an increase in production by raising the rate of work attendance, the equipment utilization rate, and labor productivity.

Second, the supply of raw and processed materials should be actively organized. For light industrial products this consists primarily of agricultural by-products. Those departments concerned with this should pay special attention to the purchase of these agricultural by-products. The departments involved in goods and materials at all levels must do a better job of reforming the system of circulation of goods and materials, and realistically organize the supply and regulation of goods and raw processed materials to assist light industrial production. To sum it up, from within and without the enterprises, a concerted effort should be made to cooperate and act in close coordination in order to assure the supply of raw and processed materials which are needed to increase production of light industrial products.

Third, we must guarantee funds needed for increased production. Due to the state's shrinking money market, normal production funds for some enterprises are extremely tight. Thus, the funds needed for increased production are even more difficult to acquire. The enterprises must strengthen management, use funds more carefully, and adopt a variety of methods to raise funds. Responsible departments, financial organs, and banks at every level must adopt an overall approach to serving the enterprises and supporting increased production of light industrial products.

Fourth, every profession and trade must be energetically supported. We should continue to implement the principle of "the six priorities" in light industrial production, especially high-quality products, low expenditure-high return products, and products urgently in demand. The energy sector must set production priorities, while banks should do their best to arrange for funds. The departments of goods and materials and the raw and processed materials supply sector must organize the supply. Communication and transportation departments must assure timely transport of products and raw and processed materials. The commercial sector should organize procurement and marketing and provide timely market information. We must continue the policy of preferential treatment for daily necessities that are suffering production difficulties and for low-profit products. Meanwhile, the relevant departments should draw up even more favorable policies to provide additional support.

13103/9435

CSO: 4006/87

INDUSTRY

PRC PLANS TO INCREASE PRODUCTION ECONOMIC ELECTRIC LAMPS

HK230833 Beijing CHINA DAILY in English 23 Jan 86 p 2

[By staff reporter Ning Yanming]

[Text] China's electric lighting industry is planning to increase its production of fluorescent, sodium and other energy-efficient lamps to meet the rising demand for better, more economical lighting.

The main task will be to rejuvenate the major lamp producers and import advanced foreign equipment, Gan Ziquang, director of the Electric Lamps Department of the Ministry of Light Industry, said in an interview with CHINA DAILY.

China produced 1.4 billion electric bulbs and fluorescent lamps last year, a rise of 8.2 percent over 1984.

But, Gan said this growth was by no means encouraging for the industry since it had yet to satisfy the growing demand for more variety and better quality lighting.

He told the reporter that [the] Ministry of Light Industry had decided to keep the present production from growing too fast while concentrating on restructuring of the industry during the Seventh 5-Year Plan (1986-1990).

Gan said installation of advanced assembly lines for fluorescent tubes imported from Japan was now under way in some factories. Others, meanwhile, were working on remodelling out-of-date equipment, such as glass-melting and bulb-blowing machines.

Processing component parts for lamp production is also high on the industry's agenda for the Seventh 5-Year Plan, said Gan, citing production of sodium lights as one example.

China began trial production and use of sodium lights in 1973, but made little headway because of the turmoil of the "cultural revolution," Gan said.

The "golden lights" have proved superior to other types of lamps only during the last 5 years.

But development of energy-efficient lamps lagged because of inadequate equipment for producing some of the key parts, such as transparent ceramic tubes and holders, Gan said. To make up for this, processing and testing equipment has been imported and steps taken to improve homemade ones. Together, 82 sets of equipment have been imported from abroad during the last 5 years.

The industry will make full use of its product testing facilities and quality control systems to secure a lasting reputation for its products, he said.

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CSO: 4020/194

INDUSTRY

LOW DEMAND SPURS ARMS FACTORIES' SWITCH TO CIVILIAN PRODUCTS

HK230838 Beijing CHINA DAILY in English 23 Jan 86 p 1

[By staff reporter Wang Gangyi]

[Text] A sharp drop in China's domestic military requirements is forcing the country's arms manufacturers to speed up their switch to civilian production.

This year the output value of weapons production is expected to drop by more than 60 percent compared with 1985 and the level of production will not change dramatically in the near future, according to Vice-Minister of Ordnance Tang Zhongyang.

Tang told a conference on Tuesday that to stand up to the challenge, his ministry planned to boost further its production of goods for the civilian market and reorganize its management system.

Last year, the production of civilian goods was valued at 2.51 billion yuan, 36 percent of the ministry's total output value.

"Under this plan, all the ministry's weapons factories will switch part of their manufacturing capacity to civilian use and will do so as long as the nation is not at war," he said.

Tang explained that this would mean all the ministry's enterprises should be able to survive and prosper even if they had to face further reductions in military orders.

However, Tang noted that production of weapons would be guaranteed despite increased emphasis on civilian goods. The ministry planned to develop a number of new weapon systems of advanced international quality by 1990, he said.

The management system, he said, would be reorganized according to the location of enterprises, rather than the nature of their products.

The new system, to be tested first in the provinces of Shaanxi, Sichuan, Heilongjiang and Henan, decentralizes power to the ministry's management bureau under the dual leader of the Ministry of Ordnance and provincial government.

At the same time, he added, the ministry would also encourage its factories to combine forces with local enterprises to rally experience and expertise in the production of civilian goods, such as motorcycles, heavy trucks and optical instruments.

INDUSTRY

BREWERIES TO DOUBLE BEER PRODUCTION

OW240844 Beijing XINHUA in English 0733 GMT 24 Jan 86

[XINHUA headline: "Beer Drinkers To See Double"]

[Text] Beijing, 24 January (XINHUA)--China's breweries will aim to double beer production over the next 5 years to an annual total of 6 billion liters, a Light Industry Ministry official said today.

That will be equivalent to 5 and 1/2 liters for every man, woman and child in the country by 1990.

To achieve this goal, breweries in Qingdao, Beijing, Harbin and other cities have launched expansion and technical modernization schemes, the official said.

And light industrial departments are working to promote wider economic and technical cooperation with other countries and to import the latest brewing technology.

Beer has become a popular daily drink in China over the past few years, and production has expanded rapidly. In 1978, total production stood at only 400 million liters, compared with 3 billion last year.

However, supply is still failing to quench thirsts, especially in the larger cities, and average beer consumption is at present only a tenth of that in most developed countries.

There are now more than 400 breweries in the country, and in recent years, 40 beer production lines have been imported from Romania, Poland and both the German Democratic Republic and Federal Republic. China is now the 11th largest beer producer in the world.

Meanwhile, more varieties of beer have been developed in recent years, and efforts have been made to improve quality. To the many types of lager-style beers have been added darker ales, low-alcohol beer and even ginseng and grape-cocoa varieties.

At the 1984 National Liquor Quality Competition sponsored by the Light Industry Ministry, "Shanghai brand" beer from Shanghai, "Five Star" beer from Beijing, "West Lake Special" beer from Hangzhou and five other brands won gold medals, in addition to internationally-known Qingdao beer and 21 other brands were awarded silver or bronze medals.

INDUSTRY

BRIEFS

LIAONING UPGRADES MACHINERY INDUSTRY--Shenyang, 23 January (XINHUA)--The machine-building industry in northeast China's Liaoning Province has upgraded 80 percent of its 7,000 products over the past 7 years, said Fang Zhizhao, head of the local machinery office. Now 32 percent of the machines produced in Liaoning are considered to be at the advanced level, compared with 10 percent in 1980. They include pumps, air purifiers and water valves. Meanwhile, the range of products has been expanded from heavy and engineering industries to food processing, paper making, glass, bicycles and textiles. Some 3,000 new products, including 170 energy-saving machines, were put into production. A new ammonia-producing machine with an annual capacity of 15,000 tons reduces coal consumption for every ton of ammonia from 1,000 kg to 600 kg and electricity from 1,640 kwh to 1,000 kwh. Liaoning is China's principal machine-building center. By 1995, Fang said, most of the industry's products are expected to approach or be up to advanced levels. Exports are expected to be 300 million U.S. dollars in 1990, as against 24.47 million U.S. dollars last year. [Text] [Beijing XINHUA in English 1517 GMT 23 Jan 86 OW] /12232

HOTEL MANAGEMENT DISCUSSED--Beijing, 26 January (XINHUA)--China is contemplating setting up hotel groups to improve the management of its 325 hotels accommodating tourist and other visitors from abroad. Wang Yueyi, deputy director general of the National Tourism Administration, said this here yesterday at a national tourism conference. Two hundred new hotels will be built in the current 5-year plan period (1986-1990), he said. A number of international hotel groups have already been involved in the building and management of hotels in Beijing, Shanghai, Guangzhou and other Chinese cities. The deputy director general described the new plan to set up China's own hotel groups as a measure of strategic importance in expanding its tourism. There are 130,000 hotel beds for foreign tourists and other visitors in China now. [Text] [Beijing XINHUA in English 0704 GMT 26 Jan 86 OW] /12232

CSO: 4020/194

DOMESTIC TRADE

SHANGHAI TRADING CENTER FOR CAPITAL GOODS

OW190334 Beijing XINHUA in English 0256 GMT 19 Jan 86

[Text] Shanghai, 19 January (XINHUA)--Shanghai has become one of China's largest trading centers for production machinery and raw materials, a city official said here today.

The government first allowed such capital goods to be sold on the open market in 1979, and Shanghai, with its good communications and transport facilities, has now set up a comprehensive trading network.

Several centers run by city and suburban authorities are now trading in capital goods. These can be used by producers and buyers from all over the country.

The system is breaking down barriers between regions and enterprises, and injecting vitality into the economy, said the official.

The centers regulate pricing to promote the production of goods in short supply.

Before 1979, all capital goods were allocated by the state. Now, enterprises meeting state quotas can sell any excess on the open market.

The Shanghai capital goods market, the first of its kind in China, sells products from 3,500 enterprises, and has established ties with 20,000 firms. Over the past 5 years, it has handled capital goods worth 1.1 billion yuan.

A chemical trading center has built up a good supply from 100 chemical plants, and provides clients with business information and technical services.

And a center run by the city textile machinery company is helping Xinjiang and Inner Mongolia in factory site selection, design and installation.

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CSO: 4020/197

DOMESTIC TRADE

BRIEFS

ENTERPRISES TO IMPROVE PRODUCTION--Beijing, 20 January (XINHUA)--A growing number of enterprises are breaking down traditional barriers and forming links and networks to improve production, today's ECONOMIC DAILY reported. The paper gave the example of a national motor vehicle cooperation complex--the Dongfeng Cooperative Corporation--which has been formed by the No 2 Motor Vehicle Plant in Hubei Province together with 113 companies from all over China. And almost 600 factories and workshops are cooperating in a scheme set up in Changzhou City, Jiangsu Province, to develop top-quality products such as bicycles and cameras. The Changzhou General Bicycle Plant, with 9 branches and the help of 115 factories in and outside Jiangsu Province, can produce a million bicycles a year, including some for export. The paper said these growing links were "breaking through regional and departmental barriers and injecting renewed vigor and vitality into the economy." It said: "They will help regions and enterprises make better use of their human, material and other resources." They were also helping to streamline the industrial structure. [Text]
[Beijing XINHUA in English 0840 GMT 20 Jan 86 OW] /12232

CSO: 4020/197

FOREIGN TRADE AND INVESTMENT

WHY FOREIGN BUSINESSMEN FEEL THEY ARE BEING MILKED

Hong Kong CHIU SHIH NIEN TAI [THE NINETIES] in Chinese No 12, 1 Dec 85
pp 64-65

[Article by Yuan Liu [6678 3177]: "The Hidden Burdens of Doing Business in China"]

[Text] To attract foreign capital, China has drawn up a host of laws and regulations granting preferential treatment to foreigners. But Hong Kong and foreign businessmen feel that they are being "milked" because...

For many foreign and Hong Kong businessmen who have been involved in China trade over the past few years, doing business in China has not gone as well or been as profitable as they imagined. As they bemoan their plight in China, they become increasingly aware that China is ridden with myriad taxes and fees to which they gradually have fallen prey.

Since adopting the open door policy, reports suggest, China has drawn up a multitude of preferential tax laws to woo foreign investors.

Under the "Corporate Income Tax Law for Chinese-foreign Joint Ventures" of 1980, the income tax rate for joint ventures is 30 percent. In addition, a joint venture must pay a local income tax equal to 10 percent of its income tax.

The 1981 "Income Tax Law for Foreign Enterprises" provides for a graduated income tax for foreign enterprises ranging from 20 percent to 40 percent. Also payable is a local income tax at the rate of 10 percent of its income tax. As for investments in Special Economic Zones [SEZ's], the "Special Economic Zones Regulations for Guangdong Province" of 1980 stipulates an income tax rate of 15 percent.

All these tax laws provide tax reduction or exemption for projects which require a large amount of capital, involve sophisticated technology, or are located in remote areas. They also grant tax exemption to materials required for daily living or production. Moreover, businessmen who invest in opened, coastal cities or opened points in several deltas are offered preferential treatment to various degrees.

Furthermore, to speed up port development, China has announced that projects in port development will be exempt from taxes for 1 to 5 years, and will enjoy a 50 percent reduction in taxes from the 6th through the 10th year. Imported construction materials and equipment are exempt from customs and the industrial and commercial unified tax.

So there is a whole bunch of tax breaks and tax exemptions. But why do Hong Kong and foreign businessmen still feel they are being "milked"?

"Too Many Taxes"

It would be a grave mistake to believe that the tax burden of an investor in China is limited to the corporate income taxes mentioned above. According to a number of foreign and Hong Kong businessmen who live in China, they must now pay at least these many taxes:

--Corporate income tax: This varies with the kind of investment, location, type of project and the decision of the authorities. The income tax rate for Chinese-foreign joint ventures is 30 percent, while that for a foreign enterprise starts at 25 percent and goes up to 40 percent. In SEZ's and open cities and for special projects, the rate is usually 15 percent.

--Local income tax: Usually 10 percent of the income tax.

--Commerce and industry tax: Beginning 1 April, all foreign offices in China must pay a commerce and industry tax, which is 5 percent of the volume of business. Because the tax is backdated to 1 April, some foreign merchants are now haggling with the government, protesting that their offices in China are not actually in business. There are reports that enterprises which fail to report business transactions or profits will be fined.

--Residence tax: A person is required to pay a residence tax for staying more than 90 days in China in any 1 year. Accordingly, the permanent staff of the Chinese offices of foreign and Hong Kong firms must pay a residence tax.

--Personal income tax: The law provides that when an individual has stayed in China for more than a year, he must pay tax on his earnings in China and overseas. Reportedly a personal income in excess of 800 yuan is taxable.

--Tax on bonuses paid to Chinese workers: When an enterprise gives out bonuses to its Chinese workers, it must pay tax on the amount of bonuses. An investor must pay import tariffs and import duties on all imports, apart from that portion which is granted tax exemption. When he imports a car, he must also pay a road use fee whose collection is entrusted to customs by the Ministry of Communications.

"Too Many Fees"

Apart from taxes, people who do business in China must pay a plethora of fees, charges and fines. A sampling:

--The law provides that an enterprise or an individual who fails to report taxes or evades taxes shall pay a fine as well as his full share of taxes. A person whose tax payment is overdue shall be charged an additional late payment fee.

--In mid-September this year, 27 Hong Kong and Macao enterprises were fined for failing to register. All of them had been renting rooms at the Dongfang Guest House or China Hotel as companies for trade liaison purposes. All 27 enterprises had been involved in such a practice for more than half a year, some as long as 4 years. The fines were imposed under the "Provisional Regulations for Permanent Representative Offices in China of Foreign Enterprises" and the "Regulations Governing the Registration of Permanent Representative Offices in China of Foreign Enterprises."

--During the Autumn Trade Fair this year, a Hong Kong merchant who lives in China entered the fairgrounds with a local employee and was fined 5 yuan for failing to obtain an entry permit beforehand for the employee. The receipt was for "illegal parking."

The above litany gives only a general idea of the situation. Confronted with this maze of taxes and fees, foreign merchants feel that the entire country, from top to bottom, is out to rip them off because many fees are local or unit concoctions. The costs of doing business in China are steep, including traveling expenses between Hong Kong and the interior and constantly rising hotel bills. Besides, foreign investors must wine and dine the locals now and then to "cultivate good relations." Hence their impression that everybody is fleecing them and their feelings of exploitation.

"Total Responsibility"

To do business in China, you must be aware of one other thing, that a joint venture or a foreign enterprise is held responsible for all its workers' wages, allowances, and the social security the state provides the workers when they become sick, grow old or die. A case in point is a major hotel in Guangzhou, which is a joint venture. The bill it is presented with certainly looks formidable:

1. Wages: Including basic wages, living allowances, floating wages.
2. Bonuses: Workers with good performance are issued bonuses, the exact amount depending on their seniority. Bonuses are distributed twice a year.
3. Diligence award: 10 yuan per month.
4. Other allowances: 5 yuan per month for an only child; 2.5 yuan a month for an infant.
5. Social security fund: 25 percent of total payroll, to be handed over to the labor bureau to cover expenses arising from work-related injuries and deaths, unemployment and retirement. Part of the fund is used to cover the administrative costs of the bureau.

6. State subsidies: Since rents, transportation, medical services and food are kept inexpensive by state subsidies, an enterprise is required to contribute to the finance department 70 yuan per month for every worker on its payroll.

7. Medical expenses: The unit is responsible in full for the medical and hospitalization expenses of its workers.

8. Retirement fund: The retirement age is 60 for men, 50 for women. A retiring worker who has been with the company for at least 15 years must be paid 75 percent of the wage he is collecting before retirement, plus food and rent subsidies.

9. Accident compensation: Payable by the employer. He must pay the family of a worker who dies on the job 36 months' wages, and compensate workers who suffer work-related injuries as the law provides. He is also responsible for all medical expenses and must grant the injured worker paid leave and pay allowances to family members in difficulty.

10. Food: It is the unit's responsibility to provide meals or a meal allowance.

Besides these wages and allowances, regulations also provide for legal holidays, official holidays, annual leave, sick leave, leave to enable workers to visit relatives, maternity leave and wedding leave.

Thus it can be seen that to run a capitalist enterprise in this socialist country, the foreign investor has to pay for just about everything, apart from numerous taxes and fees, perhaps because of the effort to implement a "responsibility system" in recent years.

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CSO: 4006/613

FOREIGN TRADE AND INVESTMENT

TIBET READY TO WELCOME FOREIGN INVESTMENT

OW141732 Beijing XINHUA in English 1629 GMT 14 Jan 86

[Text] Hong Kong, 14 January (XINHUA)--Tibet welcomes businessmen from Hong Kong and Macao and foreigners to run factories and initiate other economic undertakings, a top official from Tibet said here today.

Speaking at the opening ceremony of week-long economic and trade exhibition of the Tibet Autonomous Region, Acting Chairman of the region Doje Cering introduced Tibet's open policy, investment environment and preferential terms for cooperative projects and capital import.

Despite remote location and long transportation lines, he said, rich natural resources and special policies have provided Tibet with many favorable conditions for developing foreign economic and technical cooperation.

The special policies he listed include extension of scope of investment, grant of greater decisionmaking power and more preferential treatment to foreign enterprises and joint ventures and tax reduction or exemption.

The acting chairman said Tibet welcomes businessmen to make investment with funds, equipment, technology or patent rights.

The areas open to investors cover energy, communications, construction, light industry, textile, foodstuff processing, services, pharmacy, agriculture, forestry, animal husbandry, tourism and mining.

This is the first such exhibition held by Tibet here. Among the more than 2,000 exhibits of over 500 varieties are native products, Chinese medicines and Tibetan-style handicrafts.

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CSO: 4020/196

FOREIGN TRADE AND INVESTMENT

XIZANG LEADER OFFERS FAVORABLE TERMS TO FOREIGN INVESTORS

HK150625 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 15 Jan 86 p 3

[By Paul Sham]

[Text] China's Tibet Autonomous Region, known as the "roof of the world," is finally welcoming foreign businessmen with open arms.

Usually depicted as the mist-filled "lost horizon," Tibet yesterday unveiled the most preferential terms China has so far offered to foreign investors.

Speaking at the opening ceremony of the region's economic symposium in Hong Kong, the acting chairman of Tibet, Mr Doje Cering, said the central government had recently approved a series of preferential terms to lure foreign investors.

"Tibet is a mysterious place, but it is no longer forbidden, he said.

The symposium was the region's first overseas economic promotion.

Tibet, in southwest China, is one of the country's most backward regions and so far no foreign enterprise has shown interest in setting up a project there.

As an unprecedented step to boost overseas investment, Mr Doje said companies with foreign interests will only pay 10 percent income tax and be exempt from local tax.

In addition the after-tax profits of joint ventures will be free of income tax when remitted out of China.

In comparison, joint ventures in the special economic zones pay 15 percent income tax, in addition to local taxes.

In Tibet, export products, except those coming under special state regulations, will be exempt from industrial and commercial tax.

For ventures lasting more than 10 years, benefits will include a 3-year tax holiday, followed by 50 percent tax for 2 years.

The joint ventures in the zones get 2 years tax holiday and halved tax for another 3.

Mr Doje said a 5-year tax exemption will be given to enterprises engaged in agriculture, animal husbandry, forestry, power production, communication, and construction.

Also, in sharp contrast to most parts of China, which are experiencing a credit squeeze, Tibet is offering preferential loans to foreign investors.

Dr Doje said the Lhasa branch of Bank of China [BOC] will offer loans in yuan or foreign currencies with interest rates lower than those prevailing in other provinces and international markets.

The BOC will also provide guarantees and testimony for foreign investors interested in setting up joint ventures, cooperative ventures or compensation trade.

Mr Doje said foreign investors will also have raw materials and power supplied at the same price as state-run enterprises.

Transportation charges will be 50 percent less for export products going through the Qinghai-Tibet and Sichuan-Tibet highways.

The proportion of products allowed for sale on the domestic market will be flexible and negotiable, he said.

The autonomous region will compensate any imbalance of foreign exchange registered by foreign investors by providing other export products.

The annual rental for land use, he said, will also be kept low, to a maximum of 20 yuan a square meter and land use fees will be waived in rural, pastoral and remote areas.

Mr Doje said all kinds of investment items will be welcome in Tibet, but investment in mining, energy, light industries, agriculture, animal husbandry, food processing, fisheries and tourism is being particularly sought.

He admitted poor transportation is hampering foreign investment, but added that Tibet is planning to set up its own airline company and to renovate its airport in the next 2 years.

He said as a first step charter services linking Tibet with Beijing, Shanghai, Guangzhou and Hong Kong will be introduced.

To further improve Tibet's contacts with the outside world, a representative office will be set up in Hong Kong in June, Mr Doje said.

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CSO: 4020/195

FOREIGN TRADE AND INVESTMENT

NINGXIA EARNS MORE WITH FOREIGN EXPORTS, TRADE

OW160822 Beijing XINHUA in English 0722 GMT 16 Jan 86

[Text] Yinchuan, 16 January (XINHUA)--Northern China's Ningxia Hui Autonomous Region earned 31.53 million U.S. dollars in foreign export last year, according to Xu Zhi, director of the region's Bureau of Foreign Economy and Trade.

The region's high-quality Taixi coal alone earned 15.7 million U.S. dollars, Xu said here today. Taixi is a low-pollution coal mined primarily for export.

Last year's export earnings were 5.2 times higher than 1980's and 19.7 percent higher than government projections.

During the Seventh 5-Year Plan (1986-90), Ningxia--a region rich in fertile land and coal and other minerals--expects to increase the value of its imports and exports by 40-50 percent over 1985's, said Yang Huiyun, vice chairman of the region's Committee of the Chinese People's Political Consultative Conference.

He said the increase is expected to include 70 million U.S. dollars in exports, 270 million U.S. dollars in foreign investments and 100 million U.S. dollars in labor services and contracts abroad.

To boost exports even more this year, Xu said, the region will establish a comprehensive trade organization in Hong Hong. In addition, Ningxia has scheduled a trade fair for September.

Last September, Ningxia trade delegations sold 5 million U.S. dollars worth of goods to Japan, Europe and Southeast Asia, according to Xu.

Altogether, the number of products exported grew to over 100 last year, he added.

Since one-third of Ningxia's 4 million people belong to the Moslem Hui ethnic minority, the province has devoted particular attention to exports to Moslem countries in the Middle East.

These have included sheep, rice, vegetables, fruits, carpets, textiles and building materials.

Overall, Ningxia has developed a diversified production base including coal, electric power, and metallurgical, chemical, leather, machinery, textile, building material and papermaking industries.

FOREIGN TRADE AND INVESTMENT

LIAONING FIRM WINS EIGHT FOREIGN CONTACTS

OW170744 Beijing XINHUA in English 0653 GMT 17 Jan 86

[Text] Shenyang, 17 January (XINHUA)--A corporation in Liaoning Province has signed contracts for eight joint ventures in foreign countries since September, 1983, an official said here today.

Zhao Qingchang, acting general manager of the Liaoning Corporation of International Economic and Technical Cooperation, said this accounted for 72 percent of the province's total in the period.

Zhao described this as a good beginning for the province's undertaking joint ventures abroad.

In addition, the corporation is discussing ventures with businesses from Bangladesh, Japan, Nigeria, the Philippines, Sudan and the United States.

Located in Japan, Thailand, Mauritius and Uganda, the eight ventures require a total investment of 6.12 million U.S. dollars, and involve dies and other industrial products, fisheries, construction and catering services. Three are already in operation.

A fishing venture in Mauritius went into operation last June, and expects to catch up to 700 tons in its first year.

Zhao said his corporation would concentrate in future on ventures which could use Chinese-made equipment, materials and technology.

The corporation, set up in November, 1981, plans an investment of between 15 and 20 million U.S. dollars in foreign countries during the Seventh 5-Year Plan (1986-1990).

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CSO: 4020/196

FOREIGN TRADE AND INVESTMENT

FOREIGN FIRMS BIG ON SEED EQUIPMENT CONTRACT

OW181745 Beijing XINHUA in English 1610 GMT 18 Jan 86

[Text] Beijing 18 January (XINHUA)--Contracts to supply seed-processing equipment for 18 Chinese provinces and autonomous regions were put out to tender on Friday.

Fifty-two bids were immediately submitted by firms from Austria, Canada, Denmark, Federal Germany, Hungary, India, Italy, Japan, the Philippines, Sweden, Switzerland, the United States and China.

Representatives from 30 companies attended a ceremony to mark the opening of bidding, which was held under the auspices of the international tendering company of the China National Technical Import Corporation, with the backing of the Ministry Agriculture, Animal Husbandry and Fisheries.

The project is being financed by a World Bank loan worth 40 million U.S. dollars. The major part of the bidding is to supply 32 ranges of seeds-processing equipment, instruments for laboratories, chemical fertilizers and rolled steel for 18 provinces and autonomous regions.

Evaluation of the bids will start soon, and contracts are expected to be awarded next month, said an official of the tendering company.

The equipment will be installed this year, and will go into operation in 1987.

Last year, the tendering company spent nearly 400 million dollars, borrowed from the world bank, to buy industrial and agricultural equipment.

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CSO: 4020/196

FOREIGN TRADE AND INVESTMENT

YUGOSLAV EQUIPMENT SPURS TIANJIN BEER OUTPUT

OW181206 Beijing XINHUA in English 0838 GMT 18 Jan 86

[Text] Tianjin, 8 January (XINHUA)--Forty percent of the extra 150 million liters of beer Tianjin hopes to produce by 1989 will come from a Yugoslavian-built production line to open here the same year.

The Tianjin municipal authorities plan to quadruple the city's beer output to 200 million liters in 1989 by building new breweries and upgrading old ones, an official said here today.

The Tianjin Bohai brewery will import a beer production line to turn out 60 million liters a year from Yugoslavia, under a contract signed by the China National Technical Import Corporation and the Power Investment Company of Yugoslavia here Wednesday.

The brewery now produces 20 million liters a year--40 percent of the city's total.

Major equipment for the line worth 8.5 million U.S. dollars will be provided by the Yugoslavian company and designed jointly. The Yugoslavian firm will help the Tianjin brewery train workers.

Tianjin Mayor Li Ruihuan described the introduction of the line as "of great importance," noting it has received full support from top Chinese leaders Hu Yaobang and Zhao Ziyang. It is the first cooperation project between the city and Yugoslavia, he added.

Meanwhile, Dragutin Sosauat, chairman of the Yugoslavian company and head of a Yugoslavian economic delegation now visiting China, pledged greater cooperation with Tianjin in power and computer production.

He said that his company would launch projects in Tianjin's economic and technological development zone, designed for foreign investors.

The Yugoslavian delegation visited the zone Wednesday.

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CSO: 4020/195

FOREIGN TRADE AND INVESTMENT

BEIJING ENTERS INTO MORE FOREIGN JOINT VENTURES

OW231119 Beijing XINHUA in English 0656 GMT 23 Jan 86

[Text] Beijing, 23 January (XINHUA)--The Beijing municipal authorities have approved 126 Sino-foreign joint ventures and cooperative businesses since the inauguration of the open policy in 1979, it was reported here today.

Last year the city signed 82 contracts for the establishment of such firms, said an official of the Municipal Commission of Foreign Economic Relations and Trade.

These were worth 890 million U.S. dollars, double the figure for the previous 6 years.

Of the 82 projects, 28 will be export-oriented industrial firms, the official said, adding that this is the priority given by the municipal authorities in introducing foreign funds.

Babcock and Wilcox (China)--a joint venture between the Beijing boiler factory and a U.S. firm--will build boilers for power plants and is backed by 12 million U.S. dollars in investment.

The first enterprise to turn out compressors with sole foreign investment opened here last year, the official said. It is run by a U.S. pneumatic tool company and involves nearly 400,000 U.S. dollars in investment.

In addition, the city signed 320 contracts for technology imports last year, to the tune of 320 million U.S. dollars--up 9 percent from 1984.

Altogether, the city struck 1,100 such deals between 1979 and 1985, worth 1.14 billion U.S. dollars.

In 1985 Beijing companies started 7 firms in other countries, bringing the total to 24, the official said.

The firms, either Sino-foreign joint ventures or run solely with Chinese investment, are in Belgium, Japan, Kuwait, Nigeria, Panama and the United States.

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CSO: 4020/195

FOREIGN TRADE AND INVESTMENT

NEI MONGGOL INCREASES FOREIGN ECONOMIC COOPERATION

OW251240 Beijing XINHUA in English 0909 GMT 25 Jan 86

[Text] Hohhot, 25 January (XINHUA)--The Inner Mongolia Autonomous Region has signed trade contracts with business firms in 34 countries and regions, a regional meeting on foreign economic relations and trade was told here today.

Apart from eight state-run trade companies, the region has set up an international economic and technical cooperation company, a local trade company, and a border trade company to handle foreign trade.

Inner Mongolia exported goods worth 70 million U.S. dollars last year, an increase of 63 percent over 1984. Its products include rare earths, buckwheat, coal, wool and fur products, which sell well.

The border trade volume between Inner Mongolia and the Soviet Union has quadrupled over the past 3 years since the resumption of border trade. A trade agreement between the region and the People's Republic of Mongolia is being put into effect.

Inner Mongolia began to absorb foreign investment and import foreign technology in 1979. It has concluded 92 agreements with foreign firms in forms of joint venture, compensation trade, leasing and governmental low-interest loans.

More than 50 items of foreign technology and equipment have been imported, at a cost of 30 million U.S. dollars, and 85 percent of them have been put into operation.

The Tongliao No. 1 wool textile mill, now under expansion, is installing advanced equipment imported from Japan, the Federal Republic of Germany and Italy.

Preparations for building three chopstick factories are under way in eastern Inner Mongolia. They are the result of a compensation-trade agreement with Japan and are expected to go into production in August.

In addition, the regional government has decided to set up a number of factories specially to produce exports goods.

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CSO: 4020/195

FOREIGN TRADE AND INVESTMENT

TECHIMPORT ACCEPTS FOREIGN BIDS FOR POWER EQUIPMENT

OW251434 Beijing XINHUA in English 1311 GMT 25 Jan 86

[Text] Beijing, 25 Jan (XINHUA)--The China National Technical Import Corporation [TECHIMPORT] will purchase machinery, building materials, and generating and transmission equipment for its energy construction projects in the form of international bidding this year.

The projects include the Lubuge hydropower station in Yunnan, Beilungang thermal power station in Zhejiang, Shuikou hydropower station in Fujian, Yantan hydropower station in Guangxi and the 500 kV transmission line from Xuzhou to Shanghai.

An official from the International Tendering Company of TECHIMPORT told XINHUA that the World Bank will provide loans equivalent to nearly U.S.\$1 billion for these projects.

The Shuikou hydropower station on the Min Jiang in Fujian is the biggest of these projects, with a generating capacity of 1.4 million kW in its first phase of construction. The World Bank will provide a loan for its construction.

Firms from Canada, the Federal Republic of Germany, France, Italy, Japan, Sweden, Switzerland, and the United States attended the bid-opening ceremony for the Lubuge project today, held under the auspices of the International Tendering Company. A total of 12 bids was received.

The bids were mainly for purchasing energy management systems and communications system for the project, which will use a loan equivalent to more than U.S.\$140 million provided by the World Bank.

The Lubuge hydropower station, located about 200 km east of Kunming, the capital of Yunnan Province, is China's first project of its kind constructed using a World Bank loan. It will be completed in 1989 and have a total generating capacity of 600,000 kW.

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CSO: 4010/31

FOREIGN TRADE AND INVESTMENT

XINJIANG BOOSTS FOREIGN TRADE, COOPERATION

OW261639 Beijing XINHUA in English 1433 GMT 26 Jan 86

[Text] Urumqi, 26 January (XINHUA)--The landlocked Xinjiang Uygur Autonomous Region has achieved an average 30.6 percent increase annually in the volume of exports and imports since 1981.

Exports and imports were worth 280 million U.S. dollars last year, up 17 percent from 1984, an official of the region's Foreign Trade Bureau said.

Xinjiang exports minerals, textiles, farm products and animal by-products in exchange for rolled steel, chemical fertilizers, cement, motor vehicles and other equipment.

Border trade between Xinjiang and the Soviet Union, which resumed in 1983, came to 200 million Swiss francs last year, triple what it was in 1984.

A railway is being built in northern Xinjiang to reach the Soviet republic of Kazakhstan to promote bilateral trade.

In addition, border trade between Xinjiang and Pakistan soared to 5 million Pakistan rupees in 1985 from 240,000 in 1969.

Work is under way to widen a 410-km highway from Kashi in southern Xinjiang to Hongqilapu--a port of entry on the Sino-Pakistan border. The port is to open to citizens from other countries in May.

Moreover, Xinjiang has introduced 200 million U.S. dollars in foreign funds since 1981 to set up 29 Sino-foreign joint ventures and cooperative businesses, the official said.

More than 60,000 people from overseas, Hong Kong and Macao have come to Xinjiang for business or on visits since the introduction of the open policy in 1979, he said.

A French seismic survey team is helping the Karamay oilfield search for oil and a United States geophysical team is doing similar work in the Tarim basin.

Xinjiang now has trade, economic and technological cooperation ties with 50 countries and regions.

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CSO: 4020/195

FOREIGN TRADE AND INVESTMENT

BRIEFS

FOREIGN PRODUCT EXHIBITION--Beijing, 17 January (XINHUA)--An exhibition hall for new foreign products--called "Sample Hall"--opened here today at the China International Exhibition Center on the eastern outskirts of Beijing. Sixty companies from Federal Germany, Italy, and Japan have displayed samples of new products and catalogues at the hall, including medical instruments, precision lathes, steel rolling machines, pressing machines, optical fibers, electrical consumer products and farm chemicals. According to Bo Shusen, general manager of the exhibition center, Sample Hall will provide a good opportunity for Chinese consumers and representatives from economic and trade departments to examine new foreign products and technology. Each exhibition of samples and catalogues will be on display for 3 to 12 months. Since China plans to import 3,000 items of advanced technology and equipment in the first 3 years of the Seventh 5-Year Plan period (1986-90), Bo said, the Sample Hall will help in selecting the best products for China to buy. [Text] [Beijing XINHUA in English 1113 GMT 17 Jan 86 OW] /12232

INTERNATIONAL FURNITURE EXHIBITION--Beijing, 21 January (XINHUA)--More than 130 manufacturing firms from around the world are displaying their furniture samples and technology at the China International Exhibition Center in Beijing. The exhibition, which opened here today, showcases products from companies in Austria, Britain, China, the Federal Republic of Germany, Hong Kong, Hungary, Italy, Japan, Luxembourg, the Netherlands, Singapore, Spain, Switzerland, the United States, and Yugoslavia. The 7-day furniture exhibition is the first of a series of large exhibitions arranged for this year, said an official from the exhibition center. At the exhibition, visitors cannot only see displays of technology and samples of furniture, but also can attend seminars on manufacturing modern furniture. So far, more than 120 exhibitions have been scheduled for this year. Twenty-eight will be held in Beijing, and the others will be held in Shanghai, Tianjin, Guangzhou, Wuhan, Zhengzhou, Shenyang, Jinan, and other cities throughout the country. More than 250 exhibitions were held in China last year, almost twice the number held in 1984 and 6 times that of 1983. [Text] [Beijing XINHUA in English 1258 GMT 21 Jan 86 OW] /12232

TIANJIN IMPROVES FOREIGN INVESTMENT--Tianjin, 30 January (XINHUA)--Tianjin has organized 145 joint ventures since 1980 with Chinese and foreign investment worth 449 million U.S. dollars--and has just begun to boom, a municipal official said here Wednesday. Miao Changchun, spokesman for the Commission on Foreign Economic Relations and Trade, said the city and foreign firms agreed on 88 joint

ventures last year alone, 1.6 times the total of the previous 5 years. Those in business with the city, northern China's largest port, include investors from Britain, Canada, Denmark, Federal Germany, France, Japan, the Philippines, Singapore, Thailand, the United States and Hong Kong, according to Miao. The coastal city began its first joint venture--a shrimp farm--in 1980. In addition to joint ventures, the city has also imported 530 million U.S. dollars in new equipment for industrial renovation since 1983 when the state council granted Tianjin and 13 other coastal cities freedom to engage in industrial redevelopment, Miao said. Tianjin's exports reached nearly 1.156 billion U.S. dollars last year, he said, and labor service teams working abroad earned the city 10 million dollars. [Text] [Beijing XINHUA in English 0250 GMT 30 Jan 86 OW] /12232

BULGARIAN-CHINESE COOPERATION AGREEMENT--Beijing, 9 January (BTA corr)--The first long-term agreement for industrial cooperation between Bulgaria and the People's Republic of China has been signed here today. The general agreement for cooperation in the production of motor trucks is for the period up to the year 1990. It has been concluded between "Balkankar," the Chinese company "Machimpex" and the Tianjin company for engineering-construction machines, and it envisages deliveries of Bulgarian components and spare parts for motor trucks, which will be assembled in the works in the city of Tianjin. The agreement also envisages Bulgaria to supply technologies for production of motor trucks, as well as to take part in the modernization of the Tianjin works for engineering-construction machines. The components and the spare parts for the first 500 motor trucks have already been delivered to China, and some of them have been assembled. [Text] [Sofia BTA in English 1832 GMT 9 Jan 86 AU] /12232

YUNNAN FOREIGN TRADE BOOST--Kunming, 14 January (XINHUA)--Southwestern China's Yunnan Province increased its foreign trade 107 percent during the last 5 years over the previous 5-year period, a local official said today. The official said much of the increase, to 756 million U.S. dollars, stemmed from the province's policy of trading directly with foreigners--rather than through such large port cities as Shanghai and Tianjin. Direct trade accounted for 95 percent of the goods exported by the province during the 1981-1985 5-year plan period, the official said. In all, according to the official, Yunnan traded with 98 countries and regions over the 5 years. The official also said the number of Yunnan's different exports--including tin, tungsten, antimony, tea, tobacco, perfume and Chinese herbal medicine--more than doubled to over 200 during the period. [Text] [Beijing XINHUA in English 1318 GMT 14 Jan 86 OW] /12232

PRC IMPORTS BUILDING TECHNOLOGY--Beijing, 16 January (XINHUA)--China's building materials departments will import advanced technology to improve product quality, increase variety and reduce energy consumption over the next 5 years, it was announced here today. An official of the State Bureau of the Building Materials Industry made the announcement at the end of a 2-day Sino-Japanese conference held to discuss ways of cooperating in the industry. The technology will be used in the production of cement, glass, ceramics, glass fiber and other materials. Director of the bureau's Technical Development Department Cao Chen said the import of the technology could take various forms, such as through production under licence, codesigning, coproduction, or joint venture. In the past, China had imported single machines or whole ranges of equipment, but now it would import mainly designs of production processes and technology. [Text] [Beijing XINHUA in English 1651 GMT 16 Jan 86 OW] /12232

TIANJIN BOOSTS TRADE--Tianjin, 20 January (XINHUA)--Tianjin, a big north China port city, will expand its trade with the Soviet Union and Eastern European countries while consolidating the markets in the United States, Canada, Japan and Western and northern Europe. An official of the local foreign trade office said that the city will strive to open up new markets and solicit new customers. The city exported 1.16 billion U.S. dollars worth of goods last year and strive for a 10 percent gain this year. To ensure adequate goods supplies, the city will build 34 more export production centers for producing toys, garments, shoes and hats, carpets and ceramics. In addition, it will organize export goods resources in other parts of the country. [Text] [Beijing XINHUA in English 0657 GMT 20 Jan 86 OW] /12232

QINGHAI'S EXPORTS INCREASE--Xining, 21 January (XINHUA)--Qinghai Province exported goods worth more than 20 million U.S. dollars last year, a 50 percent increase over 1984, according to Lin Feng, deputy director of the province's Foreign Economic Relations and Trade Department. Qinghai, in the economically underdeveloped northwestern part of China, is promoting its goods in Western Europe, North America, the Middle East and Southeast Asia. Qinghai exports over 100 items, including carpets, fungus, cashmere, frozen beef and broad beans. Last year, the province exported frozen yak meat to the Soviet Union, cashmere garments to Japan and deer meat to France. [Text] [Beijing XINHUA in English 1535 GMT 21 Jan 86 OW] /12232

NETHERLANDS COMPANY IN BEIJING--Beijing, 23 January (XINHUA)--Pakhoed Holding N.V. of the Netherlands opened a liaison office here today. The Rotterdam-based company is mainly engaged in port development, and provides sea and road transport services. It has had business relations with China for the past 30 years in the fields of air and sea freight. In 1981, Pakhoed and the China Ocean Shipping Company jointly established a joint venture--"Cross-Ocean." Among those present at the opening ceremony of the office were Mrs N. Smit-Kroes, minister of transport and public works of the Netherlands, Zheng Guangdi, Chinese vice-minister of communications, and Dr A.C.O. Smitsendonk, Holland ambassador to China. [Text] [Beijing XINHUA in English 1509 GMT 23 Jan 86 OW] /12232

SECOND SINO-U.S. PEPSI-COLA BUSINESS--Guangzhou, 23 January (XINHUA)--A Sino-U.S. Pepsi-Cola cooperative business to produce 50 million liters of the soft drink a year went into operation in this capital of Guangdong Province today. The Guangzhou Pepsi-Cola factory is run jointly by Pepsi-Cola Company of the United States, the Guangzhou Foreign Trade Corporation and a Guangzhou joint company. Backed by 4.2 million U.S. dollars in investment, the business will also turn out 6 million plastic bottles annually. Equipment and raw material are provided by the American partner, which has also sent experts to oversee production. The U.S. firm opened its first cooperative business in Guangdong's Shenzhen Special Economic Zone in 1982. [Text] [Beijing XINHUA in English 1650 GMT 23 Jan 86 OW] /12232

CSO: 4020/196

LABOR AND WAGES

LIAONING FORUM OF LABOR MODELS IN REFORM DRIVE

SK310357 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 29 Jan 86

[Excerpts] At the Liaoning Building in Shenyang City on 28 January, at the invitation of the Provincial Trade Union Council, more than 50 labor models from various fronts across the province and the representatives of the advanced collectives held a forum together with the leading comrades from the organs of the province, the Shenyang Military Region, and the provincial military district.

At the forum, participants reviewed the achievements scored by the various fronts in persistently conducting reforms during the implementation period of the Sixth 5-Year Plan, spoke glowingly of the current favorable situation, and pointed out the practical and existing problems. They pledged to unswervingly push forward the reform drive in the first year of the Seventh 5-Year Plan period by making concerted efforts with the more than 10 million staff members and workers in the province and by displaying the spirit of the foolish old man who removed the mountains in order to make contributions to building the four modernizations.

At the forum, (Zhao Chengsheng) and (Zhang Chengzhe), special-class labor models of the province, stated: During the implementation period of the Seventh 5-Year Plan, efforts should be made to fulfill the arduous task of conducting reforms among the out-dated enterprises throughout Liaoning Province.

At the forum, (Zhang Gongsheng), special-class labor model and model story-teller, and (Chen Xusheng), deputy secretary of the Liming Machinery Company party committee, issued a letter of appeal to the comrades on the ideological and cultural fronts in the province with regard to assuming the heavy responsibility imposed by history by displaying a high sense of responsibility and full enthusiasm and turning out more spiritual products with high quality through hard work in order to make due contributions to achieving a fundamental turn for the better in party style and social morale and accelerating the pace of building the two civilizations.

At the forum, (Chen Huojin), special-class labor model of the province, on behalf of the participating advanced personnel, issued a letter of proposal to the staff members and workers throughout the province with

regard to actively plunging into the drive to conduct reforms, being staff members and workers who have the "four haves," and being the backbone forces in economic construction.

Attending the forum were leading comrades from the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial People's Government, the provincial CPPCC Committee, the Shenyang Military Region, and the Liaoning Provincial Military District, including Quan Shuren, Dai Suli, Li Changchun, Sun Qi, (Shi Baoyuan), Wang Guangzhong, Chen Suzhi, Peng Xiangsong, Yu Jingqing, and Gao Xiasheng.

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TRANSPORTATION

QINHUANGDAO BECOMES SECOND-LARGEST PORT

OW231556 Beijing XINHUA in English 1435 GMT 23 Jan 86

[Text] Beijing, January 23 (XINHUA)--Qinhuangdao became China's second-largest port last year, and is poised to become one of the biggest coal harbors in the world, the newspaper, INTERNATIONAL BUSINESS, reported.

It handled 44,190,000 tons of cargo in 1985, overtaking Dalian in Liaoning Province, which handled just over 33 million tons, said the bi-weekly paper published by the Ministry of Foreign Economic Relations and Trade.

China's biggest port is Shanghai, which has an annual cargo-handling capacity of 100 million tons.

When a super-heavyweight electrified railway from the Datong coalfield is completed in 1992, Qinhuangdao's ice-free harbor in Hebei Province could be handling 100 million tons a year.

So far, 15 operational berths and 700,000 square meters of warehousing have been built. And a sundry goods dock with an annual cargo-handling capacity of eight million tons, including seven general purpose berths, is under construction.

Qinhuangdao is used mainly for transporting coal from northern to southern China and as a major northern foreign trade outlet.

Oil from Heilongjiang Province, coal from Shanxi, Ningxia, Inner Mongolia, Shaanxi and Hebei, and corn and other sundry goods from northern China are shipped from the port to 75 countries and regions.

During the country's Sixth Five-Year Plan, which has just ended, work began on five deep-water coal and oil berths at Qinhuangdao. Combined handling capacity has been verified at 60,550,000 tons.

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PUBLICATIONS

BRIEFS

SHANGHAI ECONOMIC ZONE--Shanghai, 30 January (XINHUA)--A set of reference books providing information about the Shanghai Economic Zone has just been completed. One of the 29 volumes will soon come off the press, with the rest to be published before October. The Shanghai Economic Zone, set up in 1983, encompasses the Shanghai Municipality and Jiangsu, Zhejiang, Anhui and Jiangxi Provinces. They produce about one quarter of the country's total industrial output value. The books, with over 5,000 photos, reflect the urban and rural industrial development in the area up to 1984, and provide information about industrial enterprises and their products in 10 major cities in the zone. Five cities in the zone--Shanghai, Suzhou, Wuxi, Hangzhou and Changzhou--each produced an industrial output value over 10 billion yuan in 1985. More than 1,000 people took part in the writing and editing work. The Editorial Department is considering putting out an English edition of the reference books. [Text] [Beijing XINHUA in English 1503 GMT 30 Jan 86 OW] /12232

YUNNAN AIRLINES GOES COMMERCIAL--Yunnan Airlines, a newly established regional carrier, inaugurated commercial services on Thursday with the first Boeing 737-300 supplied to China. The service started in a year after Yunnan provincial officials signed an agreement in January 1985 for supply of two 737-300's. Yunnan Airlines, based in Kunming, got the first 737-300 last December and is due to get the second in February. The airlines will operate round-trip services from Kunming to Beijing, Shanghai, Chengdu, and Guangzhou. Mr Zhu Kui and Mr Dao Guo Dong, deputy governors of Yunnan Province, and Mr Luo Chong You, director of CAAC [Civil Aviation Administration of China], Yunnan administration, attended the inauguration ceremony. [Text] [Hong Kong HONG KONG STANDARD (BUSINESS STANDARD supplement) in English 13 Jan 86 p 8 HK] /12858

ZHEJIANG UPGRADES TRANSPORT FACILITIES--Shanghai--Plans have been drawn to upgrade transport in Zhejiang Province this year, including renovation of three highways, three waterways, expansion of four ports and construction of a highway bridge. The plans were unveiled by officials of the Planning Office of Shanghai Economic Zone. The three highways, linking Hangzhou to Nanjing, Shanghai and Ningbo, will be widened by 8.5 meters to 15 meters and all the bridges on route will be widened, too. The three waterways are Chang-hu-shen route, Hangzhou-Ningbo Canal and the Zhejiang portion of the Great Canal. The Chang-hu-shen route, a major waterway in the province, connects Jiaxing, Huzhou and Shanghai. The transportation volume on the route equals that of the Hangzhou-Shanghai railway. Renovation of the route includes widening of existing channels, digging a new route around Huzhou and rebuilding bridges. [By staff reporter Zhen Fan] [Text] [Beijing CHINA DAILY in English 29 Jan 86 p 2 HK] /12858

HEBEI'S QINHUANGDAO HARBOR--In 1985 the Qinhuangdao Harbor, Hebei Province, handled 44.19 million tons of cargo and netted 110 million yuan in profits. [Summary] [Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 2 Jan 86 SK] /12858

QINHUANGDAO COAL WHARF--The construction of the third-stage project for the coal wharf in Qinhuangdao Port is in full swing. This is a subsidiary project for transporting coal from Datong to Qinhuangdao. Under the plan, this project includes the construction of two berths for 3,500 ships and one berth for 100,000 ton ships. The annual coal exporting capacity will reach 30 million tons. The whole project will be completed by 1 July 1988. [Summary] [Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 3 Jan 86 SK] /12858

BEIJING HIGHWAY CONSTRUCTION--During the Sixth 5-Year Plan Period, Beijing municipality invested more than 500 million yuan in building roads in the suburban areas. The total mileage of the roads throughout the municipality has reached more than 8,200 km, an increase of over 20 times over the early days of the founding of the PRC. [Text] [Beijing City Service in Mandarin 1000 GMT 31 Dec 85 SK] /12858

CSO: 4006/657

TAIWAN

DRIVE TO BOOST FARM PRODUCE EXPORTS TO BE LAUNCHED

OW270321 Taipei CNA in English 0243 GMT 27 Jan 86

[Text] Taipei, Jan 26 (CNA)--The Council of Agriculture [COA] and the Board of Foreign Trade will launch a series of new drives starting this year to boost the nation's exports of agricultural products, COA Chairman Wang You-tsao said over the weekend.

Wang said, the strategies his council will adopt to step up farm produce exports will include:

--Stepping up collection of information on inspection standards, import barriers, consumer trends, marketing structures and methods of dealing, and learning more about the ROC's rivals in overseas markets;

--collaborating with government agents stationed abroad to stage products exhibitions in foreign markets;

--arranging through various channels more bilateral meetings and agreements with foreign governments to penetrate foreign countries' trade barriers so as to secure easier access for Taiwan-produced farm products; and helping train more trade talents among farmers.

Meanwhile, the Board of Foreign Trade [BOFT] has decided to penetrate Europe as the first target in its new drive toward strengthening agricultural exports.

Under the new campaign, BOFT will collaborate with the Department of Agriculture and Forestry under Taiwan Provincial Government and the China External Trade Development Council to form marketing missions visiting Denmark, Sweden, Norway, Italy, Spain and Greece to find out proper food items suitable for the perspective markets.

According to BOFT officials, there are more than 3,000 Chinese restaurants of various kinds in Europe, which would be a market of high potential for Chinese goods from Taiwan.

Between 1986 and 1989, the officials said, BOFT and related agencies will sponsor 20 Taiwan food and product shows in the United States, Canada, Holland, France, Japan, Brunei, West Germany, Singapore and Saudi Arabia. The main products to be displayed in those shows will include shrimp, frozen pork, Chinese-style processed foods, frozen vegetables, tea, fresh cut flowers, silk products, royal jelly, fruits and preserved fruits.

TAIWAN

STEPS TO INTERNATIONALIZE STOCK MARKET CONSIDERED

OW301113 Taipei CNA in English 0935 GMT 30 Jan 86

[Text] Taipei, Jan 30 (CNA)--The government will consider the possibility of allowing foreign investment companies to make direct investment in the nation's stock market after evaluating the current indirect investment system, a finance official said Wednesday.

Shen Po-ling, chairman of the Securities and Exchange Commission under the Finance Ministry, said the Executive Yuan approved a plan last year to gradually internationalize the nation's stock market in three stages.

In the first stage, the government allows indirect investment, which means foreign and overseas Chinese investors are allowed only to make investment through domestic securities companies, Shen said.

In the second stage, the government will allow from investment companies which have branches here to make direct investment in the stock market; and in the third stage, the domestic stock market will be open to all foreign and overseas Chinese investors, he said.

The first stage has been put into force since last year, and the government is now considering the implementation of the second stage, Shen said.

He stressed that opening the nation's stock market is a necessary step to liberalizing and internationalizing the nation's economy and raising more foreign capital to boost the nation's economic development.

As direct investment often involves a great deal of capital, the government must handle it with care, Shen said. This is the reason the government has to see first if the first stage has produced the anticipated effects, he added.

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TAIWAN

BRIEFS

IMPORT CONTROLS EASED--Taipei, Jan 30 (CNA)--Control over imports of 63 categories of products, including narcotics, caviar, radio broadcasting equipment, will be either eased or removed in the near future, Vicent V.C. Siew, chairman of the Board of Foreign Trade, announced Wednesday. The government in the past forbade the imports of opium, marijuana, and some other narcotics, but these products will soon be allowed to enter the nation under the government's control, Siew said, adding that this is a part of the government's effort to simplify the classification of the categories of imported products. Meanwhile, control over the imports of caviar, silkworm eggs and other similar products will also be removed, he said. In addition, the nation's foreign traders will also be allowed to import such products as radio broadcasting equipment, transmitters and soybean powder Siew said. Restrictions on some products which the government has requested traders to buy from certain countries and areas will also be nullified, he said. [Text] [Taipei CNA in English 0940 GMT 30 Jan 86 OW] /12858

NETHERLANDS R&D CENTER--Taipei, Jan 21 (CNA)--The Investment Commission of the Ministry of Economic Affairs has approved an application from N.V. Philips of the Netherlands to set up a research and development center outside the Nantze Export Processing Zone (NEPZ) where the company's factories are located, a commission official said. Philips, a leading European electronics group, will be the first foreign investor allowed to establish an R and D center outside the EPZS. The official said the unusual move is aimed at attracting more foreign investment to the island. [Excerpt] [Taipei CNA in English 0311 GMT 22 Jan 86 OW] /12858

CEPD STUDIES ECONOMIC FACTORS--Taipei, Jan 28 (CNA)--The Council for Economic Planning and Development [CEPD] will conduct thorough studies on the impact of four economic factors that are affecting the structure of the nation's economic well-being. Chao Yao-tung, chairman of the CEPD, identified the four factors as: 1) the dip in crude oil prices, 2) the depreciation of the American dollar, 3) the drop in bank interest rates and 4) the introduction of the value-added tax. Chao said these four factors will have grave impact on Taiwan's economy. The CEPD, he said, has decided to undertake in-depth studies of these subjects to work out countermeasures. The economic official said this is the first time that the Republic of China has ever encountered four major economic changes in a single year. Whether these changes will

bring weal or woe to the nation is a problem CEPD wants to find out, Chao said. The research staff of CEPD, he added, has been asked to put aside their routine work temporarily in order to devote full time to studying these changes. Chao said oil is the world's most important energy source and its drastic price change will greatly affect international economic and financial conditions. As the Republic of China also relies on oil as its major energy source, the oil price decrease is certain to cause repercussions here. [Text] [Taipei CNA in English 0939 GMT 28 Jan 86 OW] /12858

DECEMBER EXPORT ORDERS REACH RECORD--Taipei, Jan 21 (CNA)--The manufacturers in the Republic of China [ROC] received \$2.83 billion worth of export orders in December 1985, the highest record registered since March 1985. This showed that the world economy which has been stagnant since late 1984 is on the rise again, according to the Ministry of Economic Affairs [MOEA] Monday. The MOEA said when releasing the latest statistics that the 1985 December figure represent a 15.95 percent or \$390 million increase over the same month in 1984. The statistics also show that ROC manufacturers received an aggregate \$31.73 billion worth of export orders in 1985, a slight increase of \$94 million over the 1984 amount mainly because the world economy has turned to the better since October last year. The MOEA said in an analysis that textile products had a 23.32 percent growth in orders placed by foreign buyers in 1985, the highest recorded by domestic industries, followed by toys, recreational and sporting goods, 3.69 percent; and footwears, 2.4 percent. It noted, however, that the 14.71 percent and 4.28 percent negative growth rates for electronics products and garments last year respectively are noteworthy development for concerned government agencies and industrialists. [Text] [Taipei CNA in English 0248 GMT 22 Jan 86 OW] /12858

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